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PannErgy Nyrt.
Annual Report and Business Report
(prepared in accordance with the International Financial Reporting Standards as adopted by the EU)
2024

THIS ANNOUNCEMENT IS PUBLISHED IN HUNGARIAN (MANDATORY, OFFICIAL) AND ENGLISH LANGUAGES. IN CASE OF ANY CONTRADICTION BETWEEN THESE TWO VERSIONS, THE OFFICIAL HUNGARIAN VERSION SHALL PREVAIL.

The attached pdf report is not the official individual report of the Company; the official individual report will be attached to the Consolidated Financial Statement published in ZIP (specifically XHTML-XBRL) format, as required by applicable legislation. The contents of the attached pdf report are fully identical with those of the individual report attached to the Consolidated Financial Statement published in ZIP (specifically XHTML-XBRL) format.

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PannErgy Nyrt.

Annual Report
for the 2024 business year
compiled in accordance with the IFRS standards adopted by the EU

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Budapest, 19 March 2025

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STATEMENT OF FINANCIAL POSITION

	Note no.	31 December 2024	31 December 2023
		HUF Th	HUF Th
Intangible assets	15	426	803
Assets embodying the right of use	16	32,947	52,912
Property, plant and equipment	16	991	-
Investment properties	16	77,235	89,204
Marketable properties	16	-	-
Long-term investments	17	4,604,949	4,604,949
Receivables from deferred taxes	31	-	-
Long-term receivables	18	4,811,191	-
Total fixed assets		**9,527,739**	**4,747,868**
Inventories	20	-	-
Trade receivables	21	17,765	9,782
Loans provided	22	-	4,965,191
Other receivables	23	434,954	244,343
Securities	24	22	23
Liquid assets	25	29,116	140,499
Total current assets		**481,857**	**5,359,838**
TOTAL ASSETS		**10,009,596**	**10,107,706**
Subscribed capital	26	360,000	400,000
Reserves	28	11,994,740	13,528,785
Net P&L for the reporting year		148,041	344,723
Reserve for repurchased treasury shares	27	-3,092,571	-4,711,161
Total shareholders' equity		**9,410,210**	**9,562,347**
Long-term loans, leases	29	487,919	16,686
Deferred tax liabilities	31	618	741
Provisions	30	10,000	-
Total long-term liabilities		**498,537**	**17,427**
Trade payables	33	36,814	49,803
Current borrowings	32	-	375,358
Short-term part of long-term credits and leases	32	11,621	8,710
Income taxes payable	34	-	23,368
Other short-term liabilities	34	52,414	70,693
Total short-term liabilities		**100,849**	**527,932**
TOTAL LIABILITIES AND EQUITY		**10,009,596**	**10,107,706**

STATEMENT OF PROFIT OR LOSS

	Note no.	2024	2023
		HUF Th	**HUF Th**
Revenue from sales	6	77,617	67,052
Direct cost of sales	8	-64,735	-55,719
Gross margin		**12,882**	**11,333**
Gross profit ratio %		**16.6 %**	**16.9 %**
Gross cash flow		**24,851**	**23,305**
Gross cash flow rate %		**32.0 %**	**34.8 %**
Indirect costs of sales	7	-269,894	-239,511
Other revenues	11	605	2,737
Other expenditures	10	-21,680	-20,190
Operating profit		**-278,087**	**-245,631**
Operating profit ratio %		**-358.3 %**	**-366.3 %**
EBITDA		**-243,667**	**-211,309**
EBITDA rate %		**-313.9 %**	**-315.1 %**
Profit/loss on financial transactions	12-14	442,192	624,940
Profit before taxes		**164,105**	**379,309**
Income tax	35	-16,064	-34,586
Net P&L for the reporting year		**148,041**	**344,723**
Other comprehensive income		-	-
Total comprehensive income for the reporting period		**148,041**	**344,723**
Earnings per ordinary share (HUF)			
Basic	36	9.24	21.24
Diluted	36	9.24	21.24

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2024	2023
	HUF Th	**HUF Th**
Net P&L for the reporting year	**148,041**	**344,723**
Other comprehensive income		
Other comprehensive incomes in the period with tax implications	-	-
Total comprehensive income for the year	**148,041**	**344,723**
of which: Total comprehensive income attributable to the shareholders of the Company	**148,041**	**344,723**

STATEMENT OF CHANGES IN EQUITY

Description	Subscribed capital	Reserves	Repurchased treasury shares	Equity
Balance as at 1 January 2023	**400,000**	**13,712,191**	**-4,085,044**	**10,027,147**
P/L for 2023	-	344,723	-	344,723
Capital issue	-	-	-	-
Distribution of dividends	-	-	-	-
Cancellation of treasury shares	-	-	-	-
Repurchased treasury shares	-	-183,406	-626,117	-809,523
Decrease in treasury shares	-	-	-	-
Changes in the Accounting Policy	-	-	-	-
Balance as at 31 December 2023	**400,000**	**13,873,508**	**-4,711,161**	**9,562,347**
P/L for 2024	-	148,041	-	148,041
Capital issue	-	-	-	-
Distribution of dividends	-	-	-	-
Cancellation of treasury shares	-40,000	-2,760,000	2,800,000	-
Repurchased treasury shares	-	-	-300,178	-300,178
Decrease in treasury shares	-	881,232	-881,232	-
Changes in the Accounting Policy	-	-	-	-
Balance as at 31 December 2024	**360,000**	**12,142,781**	**-3,092,571**	**9,410,210**

STATEMENT OF CASH FLOWS

	Note no.	2024	2023
Liquid assets from operations		**HUF Th**	**HUF Th**
Profit before taxes		**164,105**	**379,309**
Adjustments in relation to the profit before taxes and the cash flow of business operations			
Amortization and depreciation of tangible and intangible assets	15-16.	34,420	31,251
Effect of deferred taxes	31	-123	-
Income tax expenditures	35	-16,064	-34,586
Exchange gain/loss on credits	14	-	-
Impairment of tangible assets, goodwill	10, 16	-	3,071
Changes in the fair value of properties	16	-	-
P/L on the sale of tangible assets	16	-1,891	-1,230
Difference between provisioning and utilisation		10,000	-
Expenditures of the share option programme	38	-	-
Changes in working capital elements			
Dividends paid	28	-	-
Increase/decrease in inventories	20	-	4,223
Increase/decrease in receivables	21-23	-186,615	-67,314
Increase/decrease in payables	32,33,34	-31,268	3,945
Increase/decrease in prepaid income taxes	23	-35,346	12,888
Net liquid assets originating from/used in operations		**-62,782**	**351.557**
Liquid assets from investments			
Acquisition of investments in private companies	17	-	-
Increase/decrease in existing investments	17	-	3,000
Acquisition of tangible and intangible assets	15,16	-1,209	-62,671
Sales of tangible and intangible assets	15,16	-	-
Loans to related parties	44.3	-186,000	-11,500
Repayment of loans from related parties	44.3	340,000	433,500
Loans from related parties	44.3	-	346,937
Repayment of loans to related parties	44.3	-	-11.000
Liquid assets from investment operations		**152,791**	**698,266**
Financial operations			
Increase/decrease in long-term loans	29	-	-
Loans from related parties	44.3	105,174	
Repayment of loans	44.3	-6,388	-300,000
Purchase of treasury shares	27	-300,178	-809,523
Securities purchased	24	-	-
Securities sold	24	-	-
Liquid assets used for financial operations		**-201,392**	**-1,109,523**
Net increase/decrease in cash and cash equivalents		**-111,383**	**-79,700**
Cash and cash equivalents as of 1 January		**140,499**	**220,199**
Cash and cash equivalents as at 31 December		**29,116**	**140,499**

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1. GENERAL BACKGROUND AND DESCRIPTION OF ACTIVITIES

PannErgy Nyrt. (hereinafter: PannErgy Nyrt., PannErgy or the Company), as the legal successor of Pannonplast Nyrt., a company established more than 100 years ago, has a history of almost one hundred years but is operating efficiently and sustainably in accordance with today's requirements, whose mission is to build the future by providing clean and renewable energy solutions while providing the means – through the utilisation of geothermal energy as a renewable energy source – for sustainable development and value creation.

On 31 May 1991, the Company was transformed into a public company limited by shares, in line with Act XII of 1989 on the transformation of economic organisations. In 2007, PannErgy set the goal to generate substantial volumes of thermal or even electric power by exploiting the long-known geothermal resources of Hungary, thereby creating value for the population and institutions of the country as well as for PannErgy's shareholders. In line with this shift in its strategy, since 2007 its core activities have been redirected from plastic manufacturing to the utilisation of renewable, and in particular geothermal energy resources. As at 31 December 2024, PannErgy Nyrt.'s subsidiaries operated projects for the utilisation of geothermal resources in Miskolc, Győr, Szentlőrinc and Berekfürdő.

The subsidiaries are listed in Chapter 40.

PannErgy Nyrt. is an entity listed on the Budapest Stock Exchange, and is a premium share issuer. As of 31 December 2024, the free-float proportion in PannErgy Nyrt. as an individual company was 56%, which was determined by taking into account the number of treasury shares held by shareholders holding more than 5% and by the Company itself as items decreasing the portfolio of shares.

The core business of PannErgy Nyrt. as an individual company is to govern the PannErgy Group holding and carry out the related asset management as well as the utilisation of real properties relating to plastic manufacturing from the period before the strategy shift, particularly in the form of sale and, before such sale, by rental.

The registered address of the Company is: Hungary, 1112 Budapest, Boldizsár u 2.

2. BASIS OF THE COMPILATION OF THE FINANCIAL STATEMENTS

The accounting and other records of the members of PannErgy Nyrt. are maintained in line with the effective Hungarian laws and accounting regulations.

From 1 January 2017 PannErgy Nyrt., as a company listed in a regulated market of the European Economic Area, has a statutory obligation to apply the International Financial Reporting Standards adopted by the European Union ('EU IFRS') for the purposes of individual reporting. **Pursuant to this regulation, PannErgy Nyrt. as an individual company has compiled both its IFRS consolidated financial statements and its individual financial statements in accordance with the requirements of the IFRS since 1 January 2017.**

The annual report of PannErgy Nyrt. was compiled on a cost basis except for financial instruments, certain financial assets, liabilities and assets classified as held for sale, which are presented in the balance sheet at fair value. PannErgy Nyrt. states figures in its annual report in Hungarian forints rounded up to HUF thousand, with exceptions specifically indicated.

The annual report of PannErgy Nyrt. presents the Company's financial position and the results of its operations and cash flows as well as changes in equity.

3. Information on the preparation of the ESEF report

The European Securities and Markets Authority (ESMA) issued rules for the European Single Electronic Format (ESEF) effective as of the financial year starting on 1 January 2020 for companies listed on exchanges regulated by the European Union, including PannErgy Nyrt. The new, consolidated financial statements need to be officially produced in XHTML format since then, which facilitates the use of inline XBRL (iXBRL), where data consolidated in conformity with the IFRS must be recorded. In accordance with the relevant legislation, as in the previous year, PannErgy compiles, and submits to the regulatory authorities, its official, consolidated financial statements for 2024 in XHTML format, which contains iXBRLs, in ZIP format in line with the relevant rules, wherever required.

The Company will not prepare its individual report in ESEF format, in accordance with the relevant legislation, the 2019/815 EU Commission Regulation. The official individual report of the Company will be attached to the Consolidated Financial Statement published in ZIP (specifically XHTML-XBRL) format, as required by applicable legislation. Notwithstanding the above, the Company also publishes these individual financial statements in PDF format, the content of which report is fully identical with those of the individual report attached to the Consolidated Financial Statement published in ZIP (specifically XHTML-XBRL) format.

4. Summary of the key elements of the accounting policies

4.1. *General description*

The key accounting policies used in the course of the compilation of the IFRS annual report are described below. PannErgy Nyrt. consistently applies the accounting principles described and detailed herein in relation to all business years presented. Concurrently with their first application as of 1 January 2024, the Company presents prior year figures in the annual report also in accordance with the IFRS for the sake of comparability.

These accounting policies are in conformity with the key accounting policies used in the course of the compilation of the consolidated financial statements for 2024.

The financial statements are prepared on the basis of the going concern principle.

4.2. *Effects of the amended rules of the IFRS standards to be implemented on 1 January 2024 and of the introduction of new standards on the financial statements*

<u>New and amended standards and interpretations entering into force in the current reporting period as published by the IASB and endorsed by the EU:</u>

- Amendment to IAS 1 Presentation of financial statements (all effective from 1 January 2024):
- Classification of liabilities into short-term and long-term categories (issued on 23 January 2020)
- Classification of liabilities into current and non-current categories – Postponement of the effective date (issued on 15 June 2020) and
- Long-term liabilities with covenants (issued on 31 October 2022)
- Amendment to IFRS 16 Leases (issued on 22 September 2022 and effective from 1 January 2024): lease liabilities in sold and leased back cases

The Group holds that the adoption of these standards and the amendment of existing ones will have no material effect on the financial statements of the Group.

New and amended standards and interpretations issued by the IASB, endorsed by the EU but not yet effective:

- IFRS 1 First-time Adoption of International Financial Reporting Standards (issued on 18 July 2024, effective from 1 January 2026);
- IFRS 10 Consolidated Financial Statements (issued on 18 July 2024, effective from 1 January 2026).

Standards and interpretations issued by the IASB, but not endorsed by the EU:

Currently the IFRS endorsed by the EU are not substantively different from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, the amendments of existing standards and new interpretations, which had not been endorsed by the EU as of the date of publication of the financial statements:

- Amendments to IAS 1 Presentation of financial statements – Classification of Liabilities as Current or Non-current (to be applied to reporting periods beginning on or after 1 January 2023);
- IFRS 18 Presentation and disclosure in financial statements (issued on 9 April 2024, effective from 1 January 2027);
- IFRS 19 Disclosures of subsidiaries without public accountability (issued on 9 May 2024, effective from 1 January 2027);
- IFRS 9 - Amendments to financial instruments (issued on 30 May 2024, effective from 1 January 2026);
- IFRS 7 Financial instruments: disclosures (issued on 18 July 2024, effective from 1 January 2026);
- IAS 7 Statement of cash flows (issued on 18 July 2024, effective from 1 January 2026);
- IFRS 9 - Financial instruments amendments (issued on 30 December 2024, effective from 1 January 2026);
- IFRS 7 Financial instruments: disclosures (issued 18 December 2024, effective 1 January 2026).

The implementation of these amendments, new standards and interpretations would have no material impact on the individual/consolidated financial statements of the Company/the Group.

Highlighting the most important accounting policies:

In accordance with *IAS 1 Presentation of Financial Statements* accounting policies that are not significant from the aspect of the Company's operations need not be disclosed. Should the Company make such a disclosure nonetheless, it must clearly indicate that the accounting policy concerned is not significant.

Accounting policies that had significant impacts on transactions during the period, which were material in terms of their amounts or which materially influenced decisions made by management, are considered by the Company as significant accounting policies.

Accounting policies that related during the reporting period to non-material amounts and/or transactions, or that are standardised policies with little specificities that are characteristic of the Company, are considered by the Company as insignificant accounting policies.

Accordingly, in the case of significant accounting policies in the individual report, the Company adds the note "Significant policy" to the title of the chapter concerned.

4.3. *Functional currency, presentation currency (SIGNIFICANT POLICY)*

The functional currency is the currency defined in *IAS 21 The Effects of Changes in Foreign Exchange Rates*, i.e. the currency of the primary operational environment where the entity operates, and which may be different from the presentation currency.

The functional currency of the Company is the Hungarian forint, which is the currency of the primary operational environment. The Company does not engage in business operations in any other environment that would justify the use of a functional currency other than the Hungarian Forint. Accordingly, its currency of presentation is also the Hungarian forint. Accordingly, the effects of changes in exchange rates are not discussed in the report.

4.4. *Translation of foreign currencies, foreign exchange transactions and balances (SIGNIFICAN POLICY)*

Foreign exchange transactions are converted into HUF at the exchange rate effective on the day of the transaction or – in the case of revaluation – valuation. The exchange gains and losses originating from the year-end re-measurement of the financial assets and liabilities that arise from such transactions or recorded in foreign currencies are recognised in the statement of profit or loss. Exchange gains and losses are shown in the “Financial incomes” or “Financial expenditures” line of the statement of profit or loss.

The Company converts its FX revenues at the MNB exchange rate and uses that rate to measure them at the end of the period.

4.5. *Fair value measurement (SIGNIFICANT POLICY)*

The Company uses fair value measurement in the case of “Held to collect” items. For the establishment of fair value, the following hierarchy is applied:

- level 1: price listed on a regulated market,
- level 2: calculated price based on input data available on essentially regulated markets,
- level 3: calculated price based on input data not available on major regulated markets

The Company’s financial statements include only “level 1” type securities.

The Company recognises changes in the fair value among financial expenditures/revenues in the case of financial assets valued through profit or loss (FVTPL), and as part of the other comprehensive income in the case of financial assets available for sale (AFS).

4.6. *Intangible assets*

Based on the definition of assets within the conceptual framework principles of financial reporting and *IAS 38 Intangible assets*, the Company recognizes as intangible assets those resources coming under the Company’s control as a result of past events that are expected to generate economic profits for the Company in the future, and whose costs can be reliably measured and that originate from identifiable sources (based on contracts or other rights, or that can be separated), and are not monetary assets with respect to their physical appearance.

In the report, intangible assets are recognised at cost by the Company (with the exception of goodwill) because, due to the special nature of these assets, the notion of an active market is not applicable. These costs are reduced by accumulated amortisation and, where applicable, impairment, stated in line with the useful life of the asset.

The intangible assets of the Company consist of software used for operations and valuable rights associated with geothermal activities.

Software comprises software developed by third parties; the Company is not involved in any software development activities.

Purchased software is capitalised at cost calculated based on the costs incurred in the course of acquisition and installation. These costs are written off over an estimated useful life of 3–5 years, as appropriate for the type of the software in question.

Trademarks, licenses and purchased know-how have definite useful lives and are recognised at cost less accumulated depreciation. The cost of trademarks and licenses is amortised with the straight-line method over an estimated useful life of 15–25 years.

Certain intangible assets may be stated in the Company's books at zero value at the end of their useful lives and should be written off, yet they are continued to be used by the Company owing to changes in the fundamental assumptions regarding their useful life. To avoid such situations, the Company re-estimates useful life and depreciations annually, at the end of the reporting period. If the asset's useful life is modified after the re-estimation, the difference between the amortisation charged until the end of the reporting period and the amortisation appropriate for the recalculated useful life is charged to the profit or loss or the equity depending on whether the re-estimation affects depreciation in the reporting period or in the preceding period.

This re-estimation of useful life is not relevant to the purchasing of intangible assets with purchasing values under HUF 100 thousand as purchases below that ceiling are not considered to be material by the Company; therefore, purchases below that amount are not capitalised. The values of such purchases are recognised in the statement of profit or loss for the reporting year in the form of depreciation, and the Company maintains separate records of them, taking into consideration the consideration of asset management.

4.7. *Impairment of non-financial assets*

The Company does not charge any amortisation to intangible assets with an indefinite useful life or not yet suitable for use, but reviews them annually to identify potential impairment.

Assets in respect of which the Company recognises amortisation are also subjected to review for impairment in each case when events or altered circumstances imply that the book value may not be fully recovered.

If the Company sees indication that the realisable value of tangible assets or intangible assets may fall below the book value, impairment losses is reconsidered. If the realisable value falls below the book value, impairment must be recognised against the profit or loss with respect to assets carried at cost. The realisable value is the higher of the value in use and market value of the asset. The market value is the amount that can be received for an asset in a transaction between unrelated parties, while the value in use is the net present value of the cash flows derived from the continuous use of the asset and its sale at the end of its useful life.

4.8. *Recognition of research and development*

When looking at the recognition of self-produced intangible assets, the Company divides the process of production into research and development phases. In the course of a project for the production of any own intangible asset the Company is unable to distinguish the research phase from the development phase, the expenditures of the project are treated as if they were incurred solely in the research phase. Intangible assets originating from research (or the research phase of any internal project) cannot be recognised; therefore the Company recognises the expenditures associated with the research as expenditures when they are incurred.

Intangible assets originating from development or from the development phase of an internal project are recognised by the Company among fixed assets provided that the Company can demonstrate the following:

- the technical feasibility of the production of the intangible asset so that it is suitable for use or sale;
- the intent of the unit to complete, use or sell the intangible asset;
- the ability of the unit to use or sell the intangible asset;
- the way the intangible asset will generate future benefits;
- among other things, the unit is required to prove the existence of the product originating from the intangible asset or the market for the intangible asset, or in case it is used internally, the usefulness of the intangible asset;
- availability of sufficient technical, financial and other resources for the completion of the development or the use or sale of the intangible asset;
- the ability of the unit to reliably measure the expenditures that can be attributed to the asset in the course of the development of the intangible asset.

4.9. *Property, plant and equipment (SIGNIFICANT POLICY)*

In its report, the Company has no property that would need to be presented under the requirements of IAS 16; however, it does have office buildings held for sale not related to its core activity (and used as investment until sold) and industrial/commercial facilities suitable for production and providing services.

In respect of the rating of tangible assets, the Company clearly distinguishes fixed assets classified as intended/held for sale, investment properties, and other properties, machinery and equipment not falling into these special categories but covered the by the *IAS 16* standard.

4.9.1 Investment property (SIGNIFICANT POLICY)

Based on *IAS 40*, land, buildings (or parts thereof) and structures qualify as properties. The Company treats and carries all properties held for rental to others or speculating on a value increase, which are not held for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, as investment properties.

Each one of the investment properties owned by the Company is a purchased investment property, whose cost value comprises the purchase price together with expenses associated with and attributable to the purchase of the property.

The Company evaluates the investment properties on the basis of the *IAS 16 standard* cost model. Accordingly, depreciation based on the asset's useful life – and when there is evidence of impairment, it – is recognised in accordance with the *IAS 16* standard. The fair value has to be stated anyway, regardless of the Company's decision to use the cost model.

Investment properties are stated on a separate line in the IFRS financial statements. Upon its sale, or final termination of its use, the investment property concerned is derecognised from the IFRS financial statement, in accordance with the fact that no future gains are expected from it. Upon derecognition the difference between the carrying value and the net sales revenue of the property is shown, based on netting, either as a revenue item in the sales revenue line or as an expenditure item in the cost of sales line of the profit and loss statement.

4.9.2 Fixed assets held for sale

The Company classifies any fixed assets as held for sale if its book value is expected to be recovered by way of sale rather than in the course of its continuous use. In line with the requirements of IFRS 5, the asset has to be in a condition based on which it can be declared that it is ready for being sold, and the probability of selling needs to be high. The Company deems the probability of selling to be high and therefore it considers the following as fundamental conditions for recognising the asset as marketable:

- if the Company's supreme body/management has confirmed its commitment to the planned sale, and based on this commitment it is confirmed that there exists a plan for the identification of a specific buyer;
- if, after its documented commitment, the Company carries out active marketing activities for selling at a realistic price that is in line with the value of the asset over the shortest period of time and under the most favourable terms possible;
- if it is unlikely that the there will be substantial changes to the selling plan and it is unlikely to be withdrawn;
- if based on the plans, the sale is expected to occur within one year of the date of classification. In certain cases the period of sale may be extended to a period exceeding one year. That is the case when events or circumstances beyond the control of the Company delay the conclusion of sale, and there is sufficient evidence that the entity continues to be committed to the plan to sell the asset.

If, based on the foregoing, the Company classifies an asset to be an asset held for sale, at the moment of such reclassification the depreciation of the asset is stopped, and re-measurement is performed on the basis of the measurement at the time of the classification, at fair value less the cost of selling; this principle is also applicable to any subsequent valuations.

In its IFRS financial statements, the Company presents its fixed assets classified as held for sale separately from other assets. The Company separately presents the amounts of accumulated revenues or expenses charged against other comprehensive income which are related to reclassification or subsequent measurement.

4.9.3 Tangible assets under IAS 16 Property, plant and equipment (SIGNIFICANT POLICY)

The Company treats all long-term assets that do not fall into the category of investment properties or fixed assets held for sale in accordance with the requirements of *IAS 16 Property, Plant and Equipment.* These are long-term tangible assets (used over more than one business period) which came under the Company's control as a result of past events and are expected to generate future economic benefits for the Company, the costs of which can be measured reliably and which are used by the Company for production or the supply of services or administration.

Property, plant and equipment are recognised at historical costless depreciation. The cost of tangible assets depends on the mode of their production or acquisition. In the case of individual acquisitions, the cost of purchase is the cost itself; in the case of an acquisition through a business combination, it is the fair value, while in the case of self-manufactured assets, it is the expense that arose in the development phase.

Historical cost includes the costs directly incurred in connection with the acquisition of the items. After initial capitalisation, subsequent costs are recognised as items increasing the book value of the asset or as separate assets only if the Company is likely to have a share of the future economic benefits originating from the item, and if the cost of the item can be measured reliably. The book value of the replaced components of the items are de-recognised. The costs incurred after the installation of the tangible asset, such as costs of repair and maintenance, are charged to the profit or loss in the period when they are incurred.

In the case of tangible assets measured with the cost method, depreciation and residual value are determined on the basis of cost and useful life; based on this, the cost less the residual value is depreciated over the useful life, which is recognised in the IFRS statement of profit or loss for the reporting year. The Company takes into account the amount realised at the end of the asset's useful life, after the deduction of the expected costs of disposal, as the residual value.

The annual review and, where necessary, re-estimation of the residual value and useful life (and thus, of the depreciation rate) is required for all tangible assets

A tangible asset may be included in the Company's financial statements at zero value at the end of its useful life and therefore it should be-recognised; however, the Company may continue using it due to changes in the fundamental assumptions of the estimation of the asset's useful life. To avoid such situations, the Company re-estimates useful life and depreciations annually, at the end of the reporting period. If the asset's useful life is modified after re-estimation, the difference between the depreciation charged until the end of the reporting period and the depreciation corresponding to the recalculated useful life is charged to profit or loss or equity, depending on whether the re-estimation affects the reporting period or a preceding depreciation charge.

This re-estimation of useful life is not relevant to the purchasing of tangible assets with purchasing values under HUF 100 thousand as purchases below that ceiling are not considered to be material by the Company; therefore, purchases below that amount are not capitalised. The values of such purchases are recognised in the statement of profit or loss for the reporting year in the form of depreciation, and the Company maintains separate records of them, taking into consideration the consideration of asset management.

The Company does not recognise depreciation for land.

The Company calculates the depreciation of properties, machinery and equipment using the straight-line method, whereby the cost or revalued amount of assets is reduced to the residual value over the following estimated useful lives:

Properties	20–50 years
Production machinery	3–25 years
Other equipment	2–8 years
Vehicles	5 years

The book value of an asset is immediately depreciated to the recoverable amount if the book value is greater than the estimated recoverable amount.

The Company depreciates tangible assets acquired in the framework of a finance lease in the same manner as applied to its own tangible assets over their expected useful life, provided that there is reasonable certainty that ownership will be transferred at the end of the term.

The profit or loss generated or incurred at the time of selling the assets is determined based on the book value and sale price and recognised among other expenditures and incomes.

The Company does not charge any amortisation to tangible assets with an indefinite useful life or not yet suitable for use but tests them annually for impairment. Tangible assets for which the Company recognises depreciation are also subjected to review for impairment in all cases when events or changed circumstances indicate that the book value may not be fully recovered. If the recoverable value is less than the respective book value, impairment has to be charged to the profit or loss in respect of assets treated at cost. The recoverable value is the higher of the asset's value in use and its fair value less costs to sell. The fair value less costs to sell is the amount that can be obtained for an asset in a transaction between unrelated parties, less the costs of disposal, while the value in use is the net present value of the cash flows derived from the continuous use of the asset and its sale at the end of its useful life. The recoverable value is determined individually for each asset, or if this is not possible, for each cash-generating unit.

At the end of each reporting period, the Company examines whether the reasons for the impairment losses recognised earlier still prevail. Any impairment loss can be reversed only if there has been a change in the circumstances that were taken into consideration at the time of the establishment of the last impairment. Impairment can be reversed only to the level where the book value of the asset does not exceed the recoverable value or – if it is lower – its book value less depreciation that would have applied had the impairment not been recognised.

4.9.4 Investments

In the financial statement, the value of tangible assets includes the value of investments, which encompass the current costs of development projects and improvements in progress, where depreciation is recognised after the commissioning of the project.

The Company takes the requirements of *IAS 11 Investment* into account for projects affecting more than one reporting period, and contractual schedules are determined so that they should be in line with the occurrence of the costs of implementation and the schedule of invoicing.

4.9.5 Application of component accounting

The Company usually does not apply the elements of *IAS 16* relating to component accounting, but it can be occured in the case of renovation of properties related to asset management. According to the relevant requirements of the standard, if the main components of assets of significant value feature considerably different economic characteristics, then the main components should be recorded separately, with separate depreciation periods.

4.10. *Investments*

From among the methods set out in *IAS 27* for the measurement of investments, the Company uses the cost method for all its participations.

Impairment testing at specified intervals is an important element of the measurement of participations; the Company performs impairment tests on its participations according to the requirements of *IAS 36* when compiling its IFRS annual report. If there is any indication that a participation has suffered impairment, its recoverable amount has to be determined. The recoverable amount is the higher of value in use (typically the value determined with the discounted cash flow method based on the Company's detailed future financial plans) and fair value less costs of disposal (if it can be determined accurately based on benchmark market information). If the recoverable amount is lower than the asset's cost, impairment has to be recognised and presented in the other expenses line of the statement of profit or loss for the reporting year.

Impairment has to be recognised for participations in line with the foregoing if, at the end of the IFRS reporting period, the book value exceeds the expected recoverable amount. The Company considers it an indication of impairment if it has any information pointing to the financial difficulties of a subsidiary, the termination of customer contracts serving as the basis of its income-generating ability, the restructuring of the subsidiary that is disadvantageous for the Company, the transformation of the external financing structure that is disadvantageous for the subsidiary or any threat of bankruptcy.

4.11. *Goodwill*

The Company carries as goodwill the intangible assets that are associated with the purchasing of asset by paying for goodwill in the light of its expectations in relation to the future economic benefits from the purchased asset, and that cannot be individually identified, i.e. they cannot be unambiguously or directly connected to any of the existing tangible or intangible assets affected by the asset purchase.

The cost of the goodwill corresponds to the positive difference between the sum paid for the business combination and the part of the fair value of the identifiable assets, liabilities and pending liabilities that is attributable to the Company as the acquiring party.

Annually, the value of the goodwill has to be subjected to an impairment test, whereby the Company examines the recovery of the value of the goodwill, comparing the part of the future discounted cash flows at the Group's cash-generating units affected by the given goodwill and having a share from synergies that arise from the combinations ensured by the goodwill in excess of the assets that are linked to the cash-generating units in questions, and the value of the goodwill.

4.12. *Inventories*

Inventories are stated at cost or at net realisable value, whichever is lower. The cost of inventories consists of the cost of acquisition, the cost of conversion as well as costs incurred in moving the inventories to their present location and bringing them to their present condition. Cost may not include expenses relating to warehousing, promotion and marketing or sale. The cost of acquisition consists of the costs incurred by the acquirer to purchase the inventories. The Company includes in this category the consideration paid for the inventories, charges related to imports, non-refundable taxes, the expenses of transportation and handling, and any other payments directly related to the item concerned. Discounts and rebates received are to be deducted from the cost of acquisition. The Company defines net realisable value as the expected selling price under normal business terms, minus the expenses relating to completion and sale expected to be incurred before the sale. Net realisable value must be re-estimated at the end of each reporting period and the amount of the write-off needs to be recalculated annually. If changes occurred in the net realisable value of an inventory item that necessitate the write-back of a previously recognised impairment, the Company may do so up to the amount of the previously recognised impairment. Both write-offs and write-backs need to be stated among other expenditures. The write-off (write-back) must be recognized in the period when it was determined.

From among the options listed in *IAS 2 Inventories,* the Company uses the weighted average cost method for the measurement of inventories.

4.13. *Financial instruments (SIGNIFICANT POLICY)*

IFRS 9 Financial Instruments addresses the classification, measurement and presentation of financial assets and financial liabilities, and it replaced the sections of the former *IAS 39* standard applicable to the classification and measurement of financial instruments. *IFRS 9* requires the classification of financial assets into categories measured at their fair values and depreciated cost, respectively. Financial assets need to be classified into these categories at the time of their initial recognition.

Financial instruments include loans provided, loans received, debt securities purchased, debt securities issued, participations in other entities, trade receivables, trade payables, forward and swap transactions, as presented in the Company's separate IFRS financial statements.

Financial instruments (including compound financial instruments) become an asset, a liability or an equity element based on the real content of the underlying contractual obligations; initially they are recognised by the Company at fair value. The fair value of a financial instrument is the price that the Company could realise on the sale of the asset, or would pay upon the transfer of the related obligation, assuming arm's length conditions and a transaction in the normal course of business, at the time of the measurement.

Fair value can be determined on the basis of exact market prices or, in the absence thereof, using measurement models. In the course of the selection and design of models, models appropriate for the characteristics of the instrument need to be applied and the general principles of fair value determination must be used.

The introduction of *IFRS 9* on 1 January 2018 has not caused any material change in the principles of classification applied by the Company; the financial instruments that have been recognised in the Company's financial statements at fair value continue to be presented in the same manner, and the same applies to the financial instruments that are recorded at amortised cost. The Company has set up the 'amortised cost' category for the assets classified into the 'held to maturity' category, essentially because its business model does not entail any receivables held for sale. The 'Available for sale' category essentially pertains only to securities, and the 'Held for trading' category to derivative transactions.

4.13.1. *Initial recognition at fair value (SIGNIFICANT POLICY)*

Pursuant to *IFRS 9*, the Company recognises all financial instruments at fair value initially, at the time of the transaction, that is, on the day when the Company commits itself to the purchasing or selling of the instrument. The company includes in this value the transaction costs that are directly related to the acquisition or issuance of the financial instrument. Financial assets evaluated at fair value against the profit or loss are initially presented at fair value, while transaction costs are stated in the statement of profit or loss.

The classification of financial instruments is based on the purpose of the acquisition of the financial assets, the characteristics of the financial instruments and the definitions of the categories of financial instruments under *IFRS 9*. The Company decides on the classification of financial assets at the time of their initial recognition. For subsequent presentation, financial instruments can be classified in the following categories:

4.13.2. *Receivables (SIGNIFICANT POLICY)*

For the recognition of impairment, PannErgy Nyrt. – as an individual company – applies an *IFRS 9* compatible model based on expected credit losses.

Trade receivables comprise the amounts due from customers for goods sold or services rendered during the ordinary course of business. If these amounts are expected to be collected within one year, they are classified into current assets, otherwise they are recognised among non-current assets, in conformity with their maturities.

The Company's trade receivables consist almost exclusively of receivables from domestic undertakings based on long-term contractual relations. Upon determining the ratings for the 2024 business year, we found that there was no need to establish a standard collection process for the trade receivables of the Company as its trade debtors always paid on time, observing the due dates of payment. Nevertheless, in the reporting period the Company has determined impairment losses expected to occur based on the "expected credit loss" model, meaning that an impairment provision matrix that is designed relying on past events and also considers forward-looking information is used, broken down by type of debtor based on the nature of the relationship with the partner (term of the contract, strategic nature of the contract). For the calculation of impairment losses the Company opted for the Staging method, whereby stage ratings (1–3) are clearly defined relying on portfolio impairment loss considerations and with clear reasons to justify the classification. Furthermore, the Company's size and small number of customers facilitates the use of individual rating rules.

The impairment matrix is based on PD (probability of non-payment) X LGD (loss amount in case of non-payment) and considering that the LGD (loss amount in case of non-payment) has been zero in the past five years, the product of the impairment matrix is also zero.

The Company has no retail operations that would call for the use of segment-based SPPI tests. In practice, the Company does not engage in factoring; should such a situation arise, these receivables would be presented at fair value.

4.13.3. Loans provided (SIGNIFICANT POLICY)

The Company grants loans to other enterprises only on a case-by-case basis, almost without exception to entities belonging to the scope of consolidation. Due to the affiliation and as the repayment of these loans depends on the group-level cash flow planning, the Company recognises no impairment for these loans. These financial assets to be held to maturity are valued in the statements at amortised cost. The Company has performed and documented the so-called SPPI classification tests/benchmark tests with regard to loans provided to non-affiliated parties that do not belong to the scope of consolidation, taking into consideration the variable interest rates applying to such loans. The test revealed that the amortised cost of the loans was adequate; therefore, it became necessary to determine fair value.

Based on the expected lending loss model, the Company classifies loans provided and recorded at amortised cost into categories 1 to 3, and impairment is calculated accordingly. When testing impairment, the Company does not take into account particular exposures individually; they are treated in aggregate because the effect of the separate treatment of exposures on measurement is irrelevant in the case of loans to affiliates. Because of the obligation of full-scope documentation, SPPI tests were also run for affiliated undertakings in the scope of consolidation; however, due to the affiliation, they were placed in Category 1 without any further examination or impact assessment and no impairment was recognised.

The commitment fees of the credit line are recognised as a transaction cost (and thus they are to be taken into account in the calculation of the amortised cost and effective interest rates of credit) if it is likely that the given portion of the available credit will be drawn down. In this case, any fee that has already paid is accrued until draw-down. In contrast, if it is unlikely that the given portion of the available credit will be drawn down, the fee is charged to the profit or loss for the year during the commitment period of the credit line.

The general and specific costs of the use of credits that are directly connected with the acquisition, construction or production of classified assets are capitalised where considerable time is required before the asset is suitable for its intended use or sale. Such borrowing costs are added to the cost of the asset until it becomes suitable for is intended use or sale. Any income originating from the temporary investment of individual credits as yet unused in relation to the classified asset is deducted from the borrowing costs to be capitalised.

Any other borrowing cost is recognised in the profit or loss of the period when it is incurred.

4.13.4. Hedging and derivative transactions (SIGNIFICANT POLICY)

The Company applies the rules set out in *IFRS 9* regarding hedging and derivative transactions, recognising them at fair value, with separate documentation and administration.

In the course of the preparation of its IFRS financial statements, the Company relies on hedge accounting. On a one-off basis, the Company can conclude a foreign exchange forward transaction that is of hedging character, as there is a direct connection between the forward transaction and the future FX purchase of the company. The Company resorts to such one-off transactions in case of high-value foreign currency purchases, applying the specific payment deadline set out in the relevant asset purchase agreement. The Company engages in no non-hedging forward transactions. For such transactions, the Company applies hedge accounting as defined in IFRS 9, that is, on 31 December, at the end of the reporting period, the fair value of the expected gain/loss on outstanding forward transactions is determined and charged against the financial instruments (assets) as other financial income/expenditure. When the transaction is closed in the following year, the difference between the actual gain/loss realised and the amount recognised on 31 December is posted taking into account the amount established at the end of the reporting period.

4.13.5. Liquid assets (SIGNIFICANT POLICY)

As liquid assets comply with the criteria of recognition at amortised cost, therefore, based on the 'expected credit loss' model, the Company does not recognise any impairment because, as a general rule, it keeps its liquid assets exclusively in risk-free financial institutions with high credit ratings.

4.13.6. 'Held to collect' financial assets (SIGNIFICANT POLICY)

The Company recognises its participations and securities in companies listed or nor listed at stock exchanges as 'Held to collect' financial assets, and they are stated in the financial statements at fair value. For the measurement of participations in companies not listed at any stock exchange, the Company relies on independent experts to determine fair value.

The Company presents differences arising from changes of fair value in the statement of profit or loss.

4.13.7. Loans (SIGNIFICANT POLICY)

The credits are classified as short-term liabilities if they are due for repayment within a year. Otherwise, they are presented among long-term liabilities. Credits are initially recognised at fair value, while subsequently they are measured at amortised cost determined using the effective interest rate method.

4.13.8. Trade payables (SIGNIFICANT POLICY)

Trade payables include the amounts payable for goods and services received from suppliers in the ordinary course of business. Trade payables are classified as short-term liabilities if their settlement is due within one year. Otherwise, they are presented among long-term liabilities. Initially, long-term trade payables are recognised at fair value, while subsequently they are measured at amortised cost that are defined with the effective interest method.

4.13.9. Other financial liabilities (SIGNIFICANT POLICY)

All other financial liabilities not carried at fair value through profit or loss are recorded under other financial liabilities. In its IFRS financial statements, the Company presents the value of other financial liabilities at amortised cost. The change in fair value has to be presented only in the notes to the financial statements. In the case of financial instruments of 'other financial liabilities' nature, the Company applies the effective interest rate method.

Interest, dividends, gains and losses related to financial instruments classified under liabilities are recognised as expenses on financial transactions in the statement of profit or loss as they are incurred. In the case of compound financial instruments, the liability component is measured first, and the equity component is defined as the residual value.

4.13.10. Deferred income

State aid relating to the purchasing of assets are presented by the Company as deferred income, and recognised in equal instalments against the profit or loss over the useful life of the asset.

Any state aid that has become repayable needs to be recognised as an adjustment to the accounting estimate.

Accordingly, the long-term deferred income disclosed in a separate line in the consolidated statement of financial position of the Company encompass the over-one-year part of grants awarded in application schemes for the geothermal projects. The short-term, under-one-year part of deferred income is stated among short-term liabilities, also in a separate line.

The end of the maintenance period applicable to the projects funded from application schemes and related grants does not affect the rate of write-back of grants recorded as deferred income because they are linked to the useful life of the subsidised assets; the write-back of the deferred income in the subject period among other income in the consolidated statement of profit or loss occurs during the asset's useful life based on the depreciation of the subsidised assets in the reporting period and on aid intensity.

4.13.11. Determination of effective interest rates (SIGNIFICANT POLICY)

The Company regards as the effective interest rate, to be used for discounting future expected cash flows, the contractual HUF- and EUR-denominated fixed interest rates for which its affiliates swapped their variable interest rates using interest rate swap transactions. Any material change in the effective interest rate results in the change of cost; no such changes have occurred. Much like in the base period, the effective interest rate applied by the Company in the reporting period is 4.5%, which is identical with the effective interest rate applied – and justified in detail – in the consolidated financial statements. The Company uses such effective interest rate as the discount rate where it performs discounted cash flow calculations, e.g. for the measurement of intangible asset, tangible assets or goodwill. The Company has no assets that would warrant discounting. In the case of long-term loans, the effective interest rate corresponds to the interest rate specified in the contract, thus no discounting is required. The long-term deferred income relating to grants need not be discounted because they had all been financially settled, and they are presented as liabilities only because of the requirement to spread the assets affected by the grant throughout the useful life of the assets.

4.13.12. Netting of financial instruments

Financial assets and liabilities are netted mandatorily and recognised in the consolidated financial statements as a net amount if the net settlement of the recognised amounts is legally permitted and the Company intends to settle the amounts on a net basis, or intends to simultaneously realise the asset and settle the liability.

4.14. *Cash and cash equivalents (SIGNIFICANT POLICY)*

In the Company's consolidated IFRS financial statements, cash and cash equivalents comprise the amount of financial assets held at the end of the reporting period as the Company's HUF and FX petty cash assets, freely disposable bank account balances that are available in the Company's electronic accounts held with financial institutions, bank account balances for limited use that are available in the Company's earmarked accounts held with financial institutions, balances in the deposit accounts with agreed maturity held with financial institutions, as well as sight bank deposits. In the consolidated financial statements made in accordance with IFRS, negative balances of current accounts held with financial institutions, i.e. overdraft facilities, are presented among short-term liabilities, in the line of short-term credit, provided that they are linked to current account loan agreements. without which they are stated among liquid assets in accordance with the contents of the relevant contracts.

4.15. *Equity, subscribed capital (SIGNIFICANT POLICY)*

The equity in the Company's IFRS financial statements is the difference between total assets and total liabilities. The IFRS subscribed capital equals the subscribed capital specified in the deed of foundation as long as it qualifies to be a capital instrument. The legal form of the Company is a public company limited by shares; PannErgy's ordinary shares listed at the Budapest Stock Exchange are recognised as subscribed capital within the meaning of the IFRS. Incremental costs directly attributable to the issuance of new ordinary shares are reported as an item decreasing the equity.

Capital reserve is the sum of all elements of equity which do not meet the definition of subscribed capital, subscribed capital not yet paid, profit reserve, revaluation reserve, after-tax profit or tied-up reserve under the IFRS.

Profit reserve is the accumulated after-tax profit of former years recognised in the IFRS financial statements and not yet distributed to the shareholders, including amounts charged to accumulated profit under IFRS, which may not contain other comprehensive income defined in *IAS 1 Presentation of Financial Statements*, except for reclassification modifications. The amount of paid-up supplementary payments recognised as assets under the IFRS and the amount of unused development reserve less the related deferred tax calculated based on *IAS 12 Income taxes* must be deducted from the resulting amount.

Revaluation reserve comprises the accumulated other comprehensive income and other comprehensive income for the reporting year indicated in the statement of other comprehensive income, as defined in *IAS 1 Presentation of Financial Statements*.

After-tax profit is the aggregate amount of the net after-tax profit presented for continuing and discontinued operations and included in the profit or loss section of the statement of other comprehensive income, as defined in *IAS 1 Presentation of Financial Statements*, or in the separate statement of profit or loss.

Tied-up reserve is the amount of received supplementary payments recognised as liabilities under the IFRS plus the amount of unused development reserve less the pertaining deferred tax calculated based on *IAS 12 Income taxes*.

4.16. *Repurchased treasury share (SIGNIFICANT POLICY)*

The Company may repurchase its treasury shares at the stock exchange pursuant to the authorisation of the General Meeting; these shares are presented in the IFRS annual report separately as items decreasing the equity.

In the case of repurchases of treasury shares, the cash flow, i.e. the decrease in cash and cash equivalents, is accompanied by an increase in the reserve for treasury shares repurchased, due to the opposite sign reflecting the decreasing effect on equity.

In the case of a cancellation of treasury shares, the amount corresponding to the nominal value of the shares cancelled reduces the subscribed capital, and the amount above the nominal value, the difference between the nominal value and the closing price on the day of cancellation, reduces the reserves. At the same time, there is a decrease in the reserve for treasury shares repurchased, due to the opposite sign reflecting the decreasing effect on equity.

The gain/loss on the sale of repurchased treasury shares and the effect of their fair measurement at the end of the reporting period is also recognised directly through equity, among the Reserves in the profit reserves line and in the 'Reserve for repurchased treasury shares' line. In the case of the appreciation due to a rise in the share price, there is an increase in the profit reserves line, and an increase in the reserve for treasury shares repurchased, due to the opposite sign reflecting the decreasing effect on equity as mentioned above. The effect is the opposite in the case of a devaluation caused by a fall in the share price.

The above procedure ensures that no gain or loss is recognised with regard to treasury shares in the profit or loss of the Company when any change occurs to own shares (purchase, sale, issue or cancellation).

4.17. *Earnings per share (SIGNIFICANT POLICY)*

To determine earnings per share, the Company used the quotient of the P/L for the given period and the average number of shares in the given period less the number of repurchased treasury shares.

For the determination of diluted earnings per share, all diluting factors are taken into consideration. The Company reports the number of shares issued by the Company as the diluted number of shares, plus warrants (options issued by the Company), management options and convertible bonds, with the number of shares inherent in them.

Furthermore, when determining the diluted earnings per share the Company also takes into account the number of shares involved in the share option programme running in the reporting period as an item decreasing the volume of own shares provided that the conditions set out in the share option programme for the call-down of options are satisfied at the time of the preparation of the report and that the own shares concerned had not yet been called down.

Through that adjustment, the diluted earnings per share figure takes into account the anticipated dilution of the number of shares as evidenced by documentation, thereby decreasing the assets per share to be allocated to individual shareholders.

4.18. *Current and deferred income tax (SIGNIFICANT POLICY)*

Pursuant to *IAS 12 Income Taxes*, income taxes consist of current and deferred taxes. The income tax expenditure disclosed in the report is the sum of the current tax liability and the deferred tax expenditure. Accordingly, in the Company's IFRS annual report, the amount of the corporate income tax payable annually is based on the tax payment obligations stipulated in the relevant Hungarian legal regulations, which is adjusted for the amount of deferred tax expenditures.

Current tax is the income tax payable (recoverable) with regard to the taxable profit (negative tax base) for the period. Income taxes include all domestic and foreign taxes that are levied on taxable profits. The Company measures current tax liabilities (tax assets) for the current period and previous periods at the level expected to be payable to the tax authority (or expected to be reimbursed by the tax authority) using the tax rates and tax regulations that had been incorporated in legal regulations by the end of the reporting period.

Current tax (asset/liability) equals the tax payable/deductible. The actual amounts of the taxes payable/deductible may be different from the amounts stated among current taxes. These modifications reflect the changes in estimated payable/deductible taxes. Unless there is an indication that the modification arises from an error, these current tax changes are to be treated as changes in accounting estimates. These modifications are recognised under tax expenses/revenues in the period when the modification occurs.

Current tax is recognised in profit or loss or other comprehensive income (equity) depending on where the underlying transaction/event is recognised.

Pursuant to the relevant tax regulations, the Company is also required to pay local business tax and innovation contribution, which has a material impact on the Company's profit or loss.

Based on the interpretation of the definition of taxable profit as per *IAS 12*, the Company does not treat local business tax and innovation contribution as income taxes but rather as operating expenses, recognizing them under other expenses. In the case of PannErgy, there was only a limited number of items that reduced the revenues used for the calculation of the tax base for the local business tax and the innovation contribution; therefore, these taxes are rather revenue-type taxes and as such, they are not subject to the *IAS 12* standard and are presented under operating expenses.

The above decision of the Company is in line with the fact that the Company is not subject to the GloBe, global minimum tax, as its consolidated turnover does not reach the group-wide consolidated turnover of EUR 750 million required for mandatory subjection, regardless of the fact that the Hungarian and EU legislation on the global minimum tax also designates local business taxes and innovation levies as covered taxes, i.e. they are taken into account as a taxable item for the calculation of the global minimum tax. The Company will continue to examine the issue of the treatment and classification of business taxes and innovation levies as income taxes, in parallel with the evolution of the global income tax legislation and the emergence of detailed rules, and will, if necessary, carry out consultations with the authorities for any justified change in accounting policy.

In line with the requirements of *IAS 12*, the Company recognizes income taxes payable/recoverable in respect of future periods, the recovery of which is certain and which arose in connection with past transactions and events. The tax base of an asset is the amount attributed to that asset for tax purposes, which is deductible upon the recovery of the asset. If the economic benefits are not taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is the amount attributed to that liability for tax purposes i.e. the liability's carrying amount less any amount deducted subsequently for the purposes of taxes. The tax base for any deferred income equals the carrying value less non-taxable future incomes. Pursuant to *IAS 12*, a temporary difference is the difference between the carrying amount and the tax base which is either taxable or deductible after recovery/settlement. If the temporary difference is taxable, it is a deferred tax liability, while if it is deductible, it is a deferred tax asset.

Sources for deferred tax receivables can potentially include deductible temporary differences, unused negative tax bases and unused tax credits. Future taxable profit and taxable temporary differences may be the sources of recovery of deferred tax.

Deferred tax is required to be fully recognised in the case of deferred tax liabilities. In contrast, in the case of deferred tax assets, recognition is only possible if a future taxable profit against which the deductible temporary differences can be offset is available. Deferred tax is recognised at the same place as the underlying transaction or event.

Offsetting deferred tax assets and deferred tax liabilities against each other is mandatory if the Company has an enforceable right to offset the current tax assets and liabilities and if the income taxes relate to the same tax authority.

Based on the above, deferred taxes arise if there is a timing difference between the booking of an item for accounting and tax purposes. Deferred tax assets and liabilities are determined using the tax rates for the taxable income of the years when the differences derived from the timing differences are expected to be reversed. Deferred tax liabilities and assets reflect the tax implications of assets and liabilities as of the end of the reporting period, as determined by the Company. Deferred tax assets can only be included in the consolidated statement of financial position if it is probable that during its future activities, the Company will generate a profit that will form part of the tax base, against which the deferred tax asset will be offset.

As of the end of the reporting period, the Company takes into consideration its non-recovered deferred tax assets and liabilities and checks the recovery of these with a discounted cash flow calculation relevant for its future profits. In line with *IAS 12* requirements, the Company does not rely on discounting in the calculation of deferred taxes.

4.19. *Provisioning (SIGNIFICANT POLICY)*

The Company recognises liabilities of uncertain timing or amount as provisions if:

- the related obligation arose from past events;
- they exist on the last day of the reporting period;
- they constitute legal or constructive obligations;
- their settlement is expected to result in an outflow of resources giving rise to economic benefits;
- the amount of the obligation can be estimated reliably.

The Company recognises a contingent liability if:

- there is an obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company;
- there is an obligation that arises from past events but is not recognised because it is improbable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Existence as of the end of the reporting period and connection to past events are important aspects; no provision can be allocated for costs that arise in the interest of future operations.

A past event gives rise to a constructive obligation for the Company if there is no other realistic alternative but to settle it. In the case of a legal obligation this entails the assumption that the obligation is derived from a contract, a legal regulation or other legal transactions. A constructive obligation is an obligation that derives from the Company’s actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities and as a result, it has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

In order to decide whether the settlement of the event or obligation forming the potential basis of a provision may induce the outflow of resources embodying economic benefits, the Company examines the probability of occurrence. The Company considers the event where the probability of occurrence is higher than that of non-occurrence (i.e. it exceeds 50%) as probable. If it is unlikely that the event occurs, the Company carries the given obligation as a contingent liability and discloses it as such in its financial statements but does not recognise it in the statement of financial position.

Provisions are recognised by the Company in the amount necessary to settle all the related obligations. This amount is the best estimate of all of the necessary expenses made based on the information available as of the end of the reporting period taking into account all risks and uncertainties which may arise in connection with the obligation.

If the time value of money significantly influences the amount that is required for the settlement of the related obligation, the provisions are recognised to the extent of the present value of the expenses necessary to settle the obligation. Through the discounting method that indicates the passing of time, the balance sheet value of the provision increases each year with the impact of the discounting and the increase is charged to the current profit or loss as an interest expense under other expenses.

The expense necessary for the settlement of the provision, or a portion of it, may be recovered. In this light, the recovery may only be recognised if it is virtually certain that amount of recovery will be received if the Company settles the obligation affected by the provision. The recovered amount may not exceed the amount of the provision. The recovered amount must be treated as a separate asset; in the statement of profit or loss, the expense related to the provision may be presented net of the amount recognised for the recovery.

The Company has no revegetation or environmental obligations; no provisions have been set up in this context.

4.20. *Share option programme, share-based payments*

The Company does not have a share option programme for the reporting period.

The Company applies the provisions of *IFRS 2 Share-based Payment* to the recognition of actual share-based payments when measuring potential future share option programmes. If share-based payments are made in equity instruments, any costs arising in connection with such payments are charged to equity while in the case of settlement in liquid assets, they are charged to financial liabilities as staff costs.

The Company also applies *IFRS 2 Share-based Payment* to share-based payments outside the scope of the share option programme, even though they are not common practice at the Company either, and no such share-based payment occurred in the period covered by these consolidated financial statements. Accordingly, if the Company is free to choose the mode of settlement, then when an obligation arises for settlement in liquid assets at the time of conclusion of the contract, it should be treated as a transaction to be settled in liquid assets. If, however, at the time of the conclusion of the contract no obligations to settle in liquid assets arise, the agreement is to be treated as a transaction to be settled in equity instruments.

If the choice is given for the other party (typically, an employee of the Company), then the Company issues a compound financial instrument, which should be separated into a part to be settled in equity instruments and another part to be settled in liquid assets, and it should be recognised in the consolidated statement of profit or loss and the statement of financial position accordingly. Share-based benefits offered to employees do not give rise to an obligation for the Company immediately; instead, the right to claim the benefits becomes effective if the vesting and potential non-vesting conditions are fulfilled during a specified period (the so-called vesting period). The vesting period is usually a period of several years; accordingly, the expected costs have to be charged over the vesting period on a time-proportionate basis.

The value of share-based payments can be defined using a direct or an indirect method. If the direct method is used, the amount of the share-based payment is defined based on the fair value of the product acquired or service used by the Company. When the indirect method is applied, the fair value of the equity instrument may serve as a basis for the definition of the amount of the payment. In the case of share-based payments settled in equity instruments, the fair value of the equity instrument as of the date when the share-based benefit is provided is used for the entire vesting period, while changes in fair value are charged to the equity. In the case of share-based payments settled in liquid assets, the fair value of the equity instrument as of the date when the share-based benefit is provided is re-measured at the end of each reporting period, while changes in fair value are charged to profit or loss.

The costs of share-based payments are always charged to the profit or loss of the company that is the employer of the employees entitled to such benefits. The Company may conclude contracts for share-based benefits with partners who are not employees of the Company. In this case, the principles of recognition and measurement are identical with those applied in the case of share-based employee benefits.

4.21. *Accounting for revenue from sales (SIGNIFICANT POLICY)*

Pursuant to the framework principles governing the preparation and presentation of the financial statements, revenue is the growth of economic benefits during the reporting period resulting from either the inflow or increase in assets or the decrease in liabilities, which will result in a rise in the equity for reasons other than contributions from shareholders, is generated in the ordinary course of business (sale of goods or services, other use of assets) of the entity, the inflow of future economic benefits is probable, revenues can be measured reliably, and costs (incurred or expected) can be reliably identified and measured.

Under *IFRS 15 Revenue from Contracts with Customers*, revenue from sales is recognised as control over the goods or services is passed to the customer; in other words, the customer is able to control their use or obtain the benefits from the goods or services.

Under the standard, revenue from sales is recognised as control over the goods or services is passed to the customer, i.e., the customer is able to direct their use or obtain the benefits from the goods or services.

Pursuant to the standard, the Company has devised a five-step model for the recognition of revenues:

- Identification of the sales contract
- Identification of the performance obligations
- Determination of the transaction price

- Allocation of the transaction price
- Recognition of revenues

The *IFRS 15 standard* gives more detailed guidance on the distinction of goods or services: a good or service is distinct if it generates benefits on its own and if it is separately identifiable from other items. Instead of fair value measurement, consideration is defined as the amount to which an entity expects to be entitled. The Company takes the effects of variable consideration into account when determining the transaction price. If the revenue has a significant financing component, the time value of money is also taken into consideration.

Instead of a risk/reward based revenue recognition model, revenues are recognised when control over the service/good is passed to the customer. Control is passed over time if the relevant criteria are met or at a point in time if they are not.

The Company does not recognise as revenue income from the sales of tangible assets and other incomes that are not realised in the course of its ordinary activities.

In the period covered by the present financial statements, the Company has no customer contracts to which *IFRS 15* should be applied, for the following reasons:

1) there are no customer contracts the conclusion of which would give rise to significant costs that would justify the capitalisation and subsequent depreciation of such assets;
2) each customer contract meets the requirement set out in the standard that the seller may recognise the revenue only when the good or service is transferred to the customer, at an amount it considers legitimate for such good or service. The invoicing of customers is based on long-term contracts, which clearly define the price, nature, place of delivery of the goods/services. In the past five years no major delay was encountered with regard to these contracts; with the exception of a single business relationship that generated negligible sales revenues, no impairment loss needed to be recognised.
3) the recognition of sales revenues complies with the 5-step model, that is, all contracts with customers are in writing, have commercial content (provide for economic benefits for the Company), clearly set out enforceable rights and obligations, the parties have accepted the contract and committed themselves to its performance, and there is a high probability that the Company would collect the consideration for the good/service transferred;
4) the Company treats obligations relating to the performance of contracts separately, treating any discounts (determined ex ante or ex post) as separate obligations. The performance obligation is always clearly set out in the contract, and revenues thus invoiced can be recognised;
5) in the customer contracts of the Company the price of the transaction is clearly set out and allocated to specific performance periods/dates, consequently the recognition of revenues is evenly spread out. In certain heat supply contracts the Company uses performance incentives regarding the commitment of the customer to increase its heat purchases; in this case, the discount related to the period is in each case deducted from the sales revenue of the period affected by the discount. The sales revenue of all transactions is identical with the invoiced amount; no discrepancies have been found. In the case of the above discount, based on the calculation formula set out in the contract between the parties, the amount of the discount to be deducted from the revenue of the period concerned and therefore recognised in that period (or subsequently, when a correcting invoice is issued) is clearly defined, consequently no estimates or probability calculations are necessary;

6) the customer contracts of the Company clearly match the price of a transaction and the transaction; there is no partial performance within transactions that would necessitate the allocation of prices. If the Company were to provide general discounts ex post, it would allocate it to the deliveries and transactions of the period covered by the discount, in accordance with the requirements of *IFRS 15*;
7) the members of the Company recognise revenues from sales when control over the asset or service sold is passed to the customer, and the customer is able to govern the use of and collect the benefits from such asset;
8) the Company sells no products with the right of repurchase, offers no related warranties, uses no buyer options or agency commissions.

4.22. *Interest income and dividend income (SIGNIFICANT POLICY)*

The Company may realize interest income on the loans granted in connection with the operation and management of the holding, or dividend income on its shareholder investments. Relating to the core activity of holding management, these are not considered income from ordinary course of business during the reporting period, in line with the requirements in IFRS 15 Revenue from Contracts with Customers. Accordingly, **the interest and dividend income received from related parties are presented – both in the reporting period and the base period – under income from financial transactions.**

The Company does not regard such interest and dividend income as income from ordinary course of business – i.e. it does not treat them as sales revenues – but recognises them under income from financial transactions.

Interest income is recognised using the effective interest rate method. In the event of the impairment of loans and receivables, the Company reduces the book value to the recoverable amount which is the present value of the estimated future cash flows discounted with the instrument's original effective interest rate. Thereafter, the difference arising from the reversal of the discount is shown as interest income. Interest income from impaired loans and receivables is recognised with the application of the effective interest rate used for the calculation of impairment, computed for the net value of the financial asset.

Dividend income is recognised when the Company becomes entitled to the dividend.

4.23. *Leases (SIGNIFICANT POLICY)*

The Company is not engaged in activities considered as leasing for the purposes of the *IFRS 16* standard because as a lessor it only engages in operating leasing transactions, and the assets concerned are reported in the Company's books and the rental fees are considered as revenue.

Accordingly, the provisions laid down in IFRS 16 must only be used by the Company as a lessee. The use of *IFRS 16* removes the difference between the treatment of operating lease transactions and that of finance leases for the Company as lessee; in the statement of financial position lessees have to show an asset embodying the right of use under the transaction and a leasing liability, that is, the obligation to make the lease payments. Under the provisions of the *IFRS 16* standard, a contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time for a consideration.

The costs relating to the use of the asset are shown, under the *IFRS 16 Lease* standard, as depreciation of the right-of-use asset and as the interest-type expenditure of the lease liability.

Moreover, upon the occurrence of certain events (e.g. the lease term is modified, the amounts payable in the way of lease fees are modified as a result of changes in indices or interest rates affecting lease fee payments) the lessee must revaluate the lease liability. The amount by which the lease liability is modified must be presented by the lessee as a change in the right-of-use asset. The standard stipulates exceptions for presentation regarding short-term leases and ones with low-value underlying assets.

The present value of lease payments is determined using the incremental borrowing rate, which is the interest rate that would be paid for financing assets through a loan and is presented in note 4.13.11.

From 1 January 2024, the Company will present assets related to operating leases of motor vehicles that qualify as leases under *IFRS 16* separately as right-of-use assets in its financial statements.

The Company has no sublease or re-lease transactions. Nor does it have right-of-use assets regarded investment property.

4.24. *Dividend payment (SIGNIFICANT POLICY)*

Dividends distributable to the shareholders of the Company are recognised in the financial statements as liabilities in the period when the owners approved the dividend. Distributable dividends are accounted for as a direct decrease in equity.

4.25. *State aid*

State aid is recognised at fair value if the Company is reasonably certain to receive such aid because it will satisfy the relevant criteria. Based on the income approach accounting, the Company recognises aid as income in the periods, based on the principle of matching, in which the related expenses were incurred. The only exception is when the aid is based on subsequent settlement, that is, the purpose of the aid is to compensate for expenditures or losses incurred as well as immediate future financial grants given without any related costs. The Company recognises such aid as income when it opens for draw-down.

State aid relating to the purchasing of assets are presented by the Company as deferred income, and recognised in equal instalments against the profit or loss over the useful life of the asset.

Any state aid that has become repayable needs to be recognised as an adjustment to the accounting estimate.

4.26. *Comparative information across periods (SIGNIFICANT POLICY)*

Data for the base year and reporting year were subjected to measurement in the financial statements in the same manner. In order for the Company's IFRS annual report to comply with *IAS 1*, all of the financial statements of the Company include a comparative period.

For the purposes of the annual report for a business year, by comparative period the Company means the reporting period of the annual report prepared for the business year preceding the business year concerned.

These comparisons have to be disclosed in sufficient detail so that the users of the annual report are able to interpret significant modifications affecting the statement of financial position and the statement of profit or loss.

4.27. *Segment reporting*

In line with the relevant IFRS requirements, the Company is to present its operating segments; however, the review **identified no operating segments**. The core business of the Company is asset management and governance of the holding. In this regard, PannErgy Nyrt. as the legal successor of Pannonplast Nyrt. presented the utilisation of the real-estate properties, i.e. the industrial facilities and connected office premises formerly serving Pannonplast Nyrt.'s plastics manufacturing operations in Debrecen, where property utilisation primarily means the re-invoicing of electric power and other public utility fees, and to a smaller extent the collection of office rents; furthermore, it encompasses costs and expenses incurred with management and governance of the Group in the form of a financial holding company and issuer at the stock exchange.

Beyond the unnecessity of operational segmentation, the Company pursues its activities solely in the territory of Hungary, in a uniform legal, technical, economic and demographic environment; consequently, territorial segmentation is not relevant.

4.28. *Gross cash flow and EBITDA definition (SIGNIFICANT POLICY)*

Similarly to the previous periods, the Company uses the following main quantitative and qualitative indicators, as well as alternative performance measures in measuring its operating performance:

Consolidated quantity of heat sold (GJ), Gross cash-flow, EBITDA

Of these indicators the Company identifies the consolidated quantity of heat sold as both a quantitative and a key quantitative indicator, since the quality of geothermal heat generation and the subsequent operational processes preparing the sale of heat are effectively represented by the consolidated quantity of heat sold. No other performance quality indicator is presented by the Company.

The gross cash-flow and the EBITDA categories presented in the consolidated financial statements are defined by the Company as follows:

The gross cash-flow is the sum of the gross margin – equalling the difference between the sales revenue and direct costs of sales – and the amount of depreciation that entails no cash flows, stated among the direct costs of sale. The Company uses this alternative performance indicator because it adequately represents the cash flow generated directly in relation to the sales revenue generating activity and, as such, it is representative of the Company’s operation, a useful piece of information for investors.

EBITDA (earnings before interests, taxes, depreciation and amortisation) is the sum of the operating, indirect depreciation (among Indirect costs of sales), the sum of direct depreciation (among Direct costs of sales), and the extraordinary write-off and impairment of tangible asset and intangible assets (among Other expenditures).

The Company uses this alternative performance indicator because by eliminating the differences stemming from different taxation, financing background (interest payment) and investments it provides an adequate view of the Company’s cash generating capacity and goodwill, and it enables its operation to be comparable with other entities in the energy sector. Accordingly, the EBITDA is a highly representative metric for the public concerning the Company’s operation.

No hypotheses or assumptions were used in the calculation of the gross cash-flow or the EBITDA as alternative performance measures; no element of the measures is related to actual or expected performance in any past or future period, or contain any estimate or extrapolation pertaining to the future.

In applying the above alternative performance measures (APM) the Company fully complies with the relevant recommendation (5/2017. (V. 24.)) of the Magyar Nemzeti Bank providing for conformity to the guideline of the ESMA (European Securities Market Authority) on APMs (ESMA/2015/1415).

5. Material/critical accounting assumptions and estimates in the application of the accounting policy (SIGNIFICANT POLICY)

In line with the IFRS requirements, the preparation of the Company's IFRS annual report calls for the application of certain estimates and assumptions, which affect the amounts presented in the financial statements. The Company continually evaluates estimates and judgments based on past experience and other factors, such as expectations related to future events considered as reasonable under the circumstances.

The Company applies the requirements of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* and *IAS 10 Events After the Reporting Period* as appropriate to any material errors of prior periods, the modification of accounting estimates and the treatment of events after the end of the reporting period.

5.1. *Events after the reporting date*

In respect of the events between the reporting date and the date of the approval of the report, the Company reviews whether the event in question confirms the circumstances that prevailed at the reporting date and if yes, the modification of the annual report is required. If the event implies circumstances that arose after the end of the reporting date, the only requirement is a disclosure, and only in material cases.

5.2. *Material error*

During the preparation of the annual report, an error may arise from mathematical errors made when applying the accounting policy, from the ignoring of facts or from incorrect interpretation. The Company has adopted the principle that as long as it is possible and not technically impracticable, material errors from former periods need to be corrected retrospectively in the first financial statements or annual report compiled and approved for disclosure after the detection of the error. For the Company, impracticable means that it is impossible to apply even if the Company does everything that can reasonably be expected to ensure application.

The Company defines a material error as follows: the omissions or misstatements of items are material if separately or aggregately they are able to affect the users' decisions made based on the annual report. Materiality depends on the assessment of the extent and nature of omissions or misstatements under the given circumstances. The size and nature of an item, or a combination of the two, are the decisive factors in that assessment; as a general principle, the Company defines errors material if they exceed 1% of the total of the IFRS statement of financial position.

5.3. *Critical accounting estimates and assumptions*

In the course of implementation of the IFRS accounting policy, the Company relied on certain estimates and assumptions. Although the resulting accounting estimates are based on the Company's best knowledge of the current events, by definition they are rarely identical with the final results and the actual figures may be different. Estimates and assumptions that may change the value of assets and liabilities in the financial statements significantly will be presented in the subsequent financial year, as shown below. These assumptions are explained in detail in the relevant notes; however, the most important ones relate to the following:

- Tax allowances in the future or the realisation of a future profit that constitutes adequate taxable income against which the deferred tax assets can be set off;
- The outcome of certain pending liabilities;
- Measurement of the fair value of financial instruments;
- Determination of the useful life and impairment of tangible assets and the impairment of goodwill;
- Determination of the value of provisions.

The methodology of making accounting estimates may change; in the Company's interpretation a change of accounting estimates occurs when the carrying amount of an asset or liability or the amount of the asset's use in the period needs to be modified. Accounting estimates may be changed based on the evaluation of the current position of the assets and liabilities and the assessment of the expected future benefits and obligations related to them. Changes in accounting estimates result from new information or new developments; accordingly, they do not qualify as the correction of an error.

6. Revenue from sales

6.1. *Breakdown of sales revenues by core activity*

	2024 HUF Th	2023 HUF Th
Asset management	31,091	31,012
Property management	46,526	36,040
Total	**77,617**	**67,052**

6.2. *Breakdown of sales revenues by geographical location*

	2024 HUF Th	2023 HUF Th
Revenue from domestic sales	76,102	65,732
Revenue from sales to the EU	1,515	1,320
Total	**77,617**	**67,052**

6.3. *Breakdown of sales revenues by activity or service*

	2024 HUF Th	2023 HUF Th
Intercompany services	29,576	29,692
Mediated and other services	17,852	9,587
Rent for buildings and tangible assets	29,047	26,888
Sale of products	1,142	885
Total	**77,617**	**67,052**

The 16% increase in revenues reflects the higher level of mediated and re-invoiced services, as well as changes related to the exchange rate in rental income invoiced in foreign currencies.

6.4. *Geographical breakdown of fixed assets related to sales revenues*

	2024 HUF Th	2023 HUF Th
Assets used in domestic production	4,716,548	4,747,868
Assets used in production within the EU	-	-
Assets used in production outside the EU	-	-
Total	**4,716,548**	**4,747,868**

Except for the long-term receivables, all of the Company's fixed assets are considered as assets used in domestic production.

6.5. *Concentration of sales revenue, information regarding key customers*

The Company has two key customers generating at least 10% of the Company's total sales revenues:

	2024	As a percentage of total sales	2023	As a percentage of total sales
Total sales revenue from key customers	**47,134**	**60.73 %**	**42,137**	**62.84 %**
Revenue from sales	**77,617**	**100.00 %**	**67,052**	**100.00 %**

The Company's sales revenues primarily derive from the mediated services and lease services related to the Debrecen site.

7. INDIRECT COSTS OF SALES

	2024 HUF Th	2023 HUF Th
Consultancy and audit fees	149,687	122,234
Indirect personnel-type costs	31,514	31,555
Insurance premiums	29,568	26,764
Indirect depreciation	22,451	19,279
Costs related to public and stock exchange presence	17,128	16,574
Office and operating costs	10,734	14,105
Banking costs	8,692	8,995
Other fees and duties payable to authorities	120	5
Total	**269,894**	**239,511**

The indirect operating costs of PannErgy Nyrt. increased during the reporting period by 13% year-on-year, mainly due to an increase in professional fees.

The increase in personnel-type costs is due to the change in headcount during the reporting period, as detailed in *Note no. 9 Headcount and wage costs*, while the increase in depreciation is due to the motor vehicles treated as right-of-use assets in the reporting period in accordance with *IFRS 16 Leases*.

8. Direct costs of sales

	2024 HUF Th	2023 HUF Th
Costs of goods sold, mediated services	48,547	40,142
Direct depreciation (real property)	11,969	11,972
Facility maintenance costs, rental	3,118	2,988
Cost of maintenance materials	390	301
Electricity charges	172	225
Other indirect costs	539	91
Total	**64,735**	**55,719**

Direct costs of sales at PannErgy Nyrt. include primarily the re-invoiced utilisation costs of properties located in Debrecen. The increase in the reporting period is due to higher levels of mediated and re-invoiced costs, and the Company is gradually reducing its property utilisation activity that give rise to these ‘pass-through' items.

9. Headcount and wage costs

	2024	2023
Average statistical headcount (persons)	1	1
Wage cost (HUF Th)	25,129	24,775
Other personnel-type payments (HUF Th)	2,829	3,164
Taxes and contributions on wages (HUF Th)	3,556	3,616
Total	**31,514**	**31,555**

In terms of the average statistical headcount, PannErgy Nyrt. had 1 employee in the reporting period, as the CEO performs his duties as an employee during the reporting period.

Other personnel expenses include wages and remuneration paid to the CEO and the members of the Management Board, as well as the amount of related taxes and contributions.

10. OTHER EXPENDITURES

	2024 HUF Th	2023 HUF Th
Aids granted to offset costs	8,000	12,900
Cost relating to insurance events	2,008	2,212
Local taxes, duties, fines	1,669	1,657
Waiver of shareholder's loans to subsidiaries	-	244
Fines, penalties, default interest, compensations paid	-	75
Provisioning	10,000	-
Other miscellaneous expenditures	3	3,102
Total	**21,680**	**20,190**

The most significant item within the HUF 21,680 thousand value of other expenditures for the reporting year is the establishment of a provision of HUF 10,000 thousand related to the market surveillance fine imposed by the Magyar Nemzeti Bank after the reporting date. In addition, in the reporting period, the Company provided various grants to foundations in the amount of HUF 8,000,000, in line with its ESG strategy. Accident benefit of HUF 2,008 thousand was paid in connection with claims from previous years.

11. OTHER INCOMES

	2024 HUF Th	2023 HUF Th
Incomes of another nature	605	2,737
Total	**605**	**2,737**

The Company's other income in the reporting period relates to a corporation tax credit for grants made in previous years for spectator sports.

12. FINANCIAL INCOMES

	2024 HUF Th	2023 HUF Th
Interest received from related parties	463,564	885,193
Realised and unrealised FX gains	2,364	2,756
Gains on derivative transactions	37,019	2,147
Exchange gains on securities held for trading	2	3
Other financial incomes	-	-
Total	**502,949**	**890,099**

Interest income from related parties was mainly connected to the shareholder loans with PannErgy Geotermikus Erőművek Zrt.

The HUF 37 million FX gain on derivative transactions in the reporting year was earned on forward FX transactions, concluded in conformity with the trade payables of the PannErgy Group incurred in foreign currencies.

13. FINANCIAL EXPENDITURES

	2024 HUF Th	2023 HUF Th
Loss on derivative transactions	2,133	199,803
Interest and interest-type expenses	55,995	62,599
Realised and unrealised FX losses	2,628	2,757
Other financial expenditures	1	-
Total	**60,757**	**265,159**

The Company incurred interest expense in the reporting period related to a short-term working capital loan. At the end of the period, the Company had no capital outstanding on this loan.

14. OTHER INFORMATION RELATING TO FINANCIAL TRANSACTIONS

	2024	2023
Opening EUR/HUF exchange rate	382.78	400.25
EUR/HUF exchange rate on 31 December	410.09	382.78
Annual change in the EUR/HUF exchange rate	27.31	-17.47

The total amount of financially unrealised exchange rate differences related to FX revaluations at year-end is a total loss of HUF 1,571 thousand, related to the Company's EUR-based receivables and payables.

15. Intangible assets

HUF Th

Gross value	Goodwill	Valuable rights	Intellectual property	Other	Total
1 January 2023	-	523	1,885	-	2,408
Purchase	-	-	-	-	-
Sale	-	-	-	-	-
Impairment, write-off	-	-	-	-	-
Reclassification	-	-	-	-	-
31 December 2023	-	523	1,885	-	2,408
Purchase	-	-	-	-	-
Sale	-	-	-	-	-
Impairment, write-off	-	-	-	-	-
Reclassification	-	-	-	-	-
31 December 2024	-	523	1,885	-	2,408

Accumulated depreciation	Goodwill	Valuable rights	Intellectual property	Other	Total
1 January 2023	-	523	705	-	1,228
Increase	-	-	377	-	377
Sale	-	-	-	-	-
Impairment, write-off	-	-	-	-	-
Reclassification	-	-	-	-	-
31 December 2023	-	523	1,082	-	1,605
Increase	-	-	377	-	377
Sale	-	-	-	-	-
Impairment, write-off	-	-	-	-	-
Reclassification	-	-	-	-	-
31 December 2024	-	523	1,459	-	1,982

Net value					
1 January 2024	-	-	803	-	803
31 December 2024	-	-	426	-	426

16. TANGIBLE ASSETS

HUF Th

Gross value	Marketable properties	Properties for investment purposes	Property, plant and equipment	Assets embodying the right of use	Total
1 January 2023	-	132,728	1,542	29,099	163,369
Purchase	-	-	-	-	-
Capitalisation	-	-	-	62,670	62,670
Revenue from sales, contribution in kind	-	-	-	-	-
Reclassification, scrapping	-	-	-	-30,329	-30,329
IFRS 16 Lease Remeasurement	-	-	-	1,230	1,230
Reclassification	-	26,581	-	-	26,581
31 December 2023	-	159,309	1,542	62,670	223,521
Purchase	-	-	-	-	-
Capitalisation	-	-	1,209	-	1,209
Revenue from sales, contribution in kind	-	-	-	-	-
Derecognition, write-off	-	-	-	-	-
IFRS 16 Lease Remeasurement	-	-	-	1,892	1,892
Reclassification	-	-	-	-	-
31 December 2024	-	159,309	2,751	64,562	226,622

Accumulated depreciation	Marketable properties	Properties for investment purposes	Property, plant and equipment	Assets embodying the right of use	Total
1 January 2023	-	31,552	1,454	18,203	51,209
Increase	-	11,972	88	18,814	30,874
Sale	-	-	-	-27,259	-27,259
Reclassification, scrapping	-	26,581	-	-	26,581
31 December 2023	-	70,105	1,542	9,758	81,405
Increase	-	11,969	218	21,857	34,044
Sale	-	-	-	-	-
Reclassification, scrapping	-	-	-	-	-
31 December 2024	-	82,074	1,760	31,615	115,449

Net value					
1 January 2024	-	89,204	-	52,912	142,116
31 December 2024	-	77,235	991	32,947	111,173

PannErgy Nyrt. shows its industrial properties located in Debrecen in the category of investment properties; rather than making efforts to sell them, the Company utilises them essentially through leasing to tenants. The HUF 11,969 thousand decline in the reporting period reflects scheduled amortisation.

The HUF 32,947 thousand value of assets embodying the right of use at the end of the reporting period relates to long-term leases of motor vehicles, where the Company applies the rules governing the recognition of lease items (assets and liabilities) in the report pursuant to its accounting policy based on IFRS 16. Owing to the change in the effective interest rate compared to the previous period, lease liabilities were remeasured. After the remeasurement of the historical cost of the assets, the historical cost of the assets concerned rose by HUF 1,892 thousand. Data for assets embodying the right of use are shown in a separate column for both the base period and the reporting period, unlike in the previous year, where they were shown together in the column for machinery and vehicles.

With regard to tangible assets, there are no pledges on title and no mortgages; furthermore, no impairment was recognised at year-end.

17. Investments

	2024 HUF Th	2023 HUF Th
PannErgy Geotermikus Erőművek Zrt.	4,604,949	4,604,949
Total	**4,604,949**	**4,604,949**

There were no changes in investments during the reporting period.

18. Long-term receivables

As of 31 December 2024, PannErgy Nyrt. showed the following long-term receivables in its annual report.

	2024 HUF Th	2023 HUF Th
Shareholder’s loans to subsidiaries	4,811,191	-
Total	**4,811,191**	**-**

In the reporting period, PannErgy Nyrt. provided shareholder’s loan to PannErgy Geotermikus Erőművek Zrt., which is responsible for the professional and technical management of the Group and the direct ownership supervision of the geothermal project companies, and long-term shareholder’s loan (with a maturity in 2030) to Kuala Kft. in connection with the drilling of the third production well in Miskolc. The loan granted to PannErgy Geotermikus Erőművek Zrt. was included in current assets in the previous period in accordance with the contractual maturity dates.

19. LEASE RECEIVABLES

In the reporting period and the base period, PannErgy Nyrt. had no lease payments receivable.

20. INVENTORIES

In the reporting period and in the base period, PannErgy Nyrt. had no stocks.

21. TRADE RECEIVABLES

	2024 HUF Th	2023 HUF Th
Trade receivables	17,765	9,782
Total	**17,765**	**9,782**

PannErgy Group sells its products and services to a small number of buyers, mostly on the basis of long-term contractual arrangements. The trade receivables are non-interest earning items, generally with a 30-day term. Trade receivables were up 82% year-on-year.

The Company's statement of its 2024 impairment provision matrix underlying the impairment charges applied in the reporting period:

HUF Th

Impairment provision matrix	**Balances outstanding at the beginning of 2024**	**Balances outstanding at the end of 2024**	**Loss from default 2024**	**Default rate 2024**	**Expected default rate 2024**	**Expected credit loss 2024**	**Stage 1 impairme**	**Stage 2 impairme**	**Stage 3 impairment**
Marketable financial assets (Available for Sale, AFS)	**-**	**-**	**-**			**-**	**-**	**-**	**-**
Investments available for sale	-	-	-	0%	0%	-	-	-	-
Long-term investments	-	-	-	0%	0%	-	-	-	-
Other invested financial asset (long-term securities)	-	-	-	0%	0%	-	-	-	-
Securities (short term)	-	-	-	0%	0%	-	-	-	-
Loans and receivables (Loans and Receivables, LAR)	**-**	**-**	**-**			**-**	**-**	**-**	**-**
Loans provided	-	-	-	0%	0%	-	-	-	-
Trade receivables		-	-	0%	0%	-	-	-	-
Other current receivables	-	-	-	0%	0%	-	-	-	-
Held to maturity financial a (HTM)	**-**	**-**	**-**			**-**	**-**	**-**	**-**
Long-term financial receivabl	-	-	-	0%	0%	-	-	-	-

Liquid assets	-	-	--	0%	0%	-	-	-	-
Total	-	-	-			-	-	-	-

[1] Loss rates applied: Stage 1: 0%, Stage 2: 25%, Stage 3: 100%

22. LOANS PROVIDED

	2024 HUF Th	2023 HUF Th
Shareholder's loans to subsidiaries	-	4,965,191
Total	**-**	**4,965,191**

The loan granted to PannErgy Geotermikus Erőművek Zrt. in the previous period is included in non-current receivables in the reporting period in accordance with the contractual maturity dates.

23. OTHER RECEIVABLES

	2024 HUF Th	2023 HUF Th
Next period's items	360,738	208,075
Other tax receivables	44,257	21,610
Receivable relating to derivative transaction	24,751	2,147
Advance payments and security deposits made and collaterals provided	5,203	-
Other receivables	5	12,511
Total	**434,954**	**244,343**

HUF 345,823 thousand of the items of the next period is associated with revenues, mostly interest revenues, while HUF 14,915 thousand relates to costs. Among other tax receivables, the most significant items are VAT receivable of HUF 30,602 thousand and corporate tax receivable of HUF 11,978 thousand.

24. SECURITIES HELD FOR SALE

	2024 HUF Th	2023 HUF Th
Securities held for sale	**22**	**23**

The Company did not alter its securities stock in the reporting period; the difference relative to the previous year is from fair value difference.

25. Cash and cash equivalents

	2024 HUF Th	2023 HUF Th
Bank account and cash at hand	29,116	140,499
Cash and cash equivalents	**29,116**	**140,499**

26. Subscribed capital

	2024 HUF Th	2023 HUF Th
Subscribed capital	**360,000**	**400,000**

As of 31 December 2024, the subscribed capital of the Company amounted to HUF 360,000 thousand in line with the reduction of capital involving 2,000,000 shares on 17 July 2024.

The subscribed capital stated in the Company's financial statements as per the IFRS and the subscribed capital registered by the competent Court of Registration are fully identical, there is no difference between the two figures.

The subscribed capital is stated in the financial reports in its total amount as issued, while the number of shares is presented net of the amount of repurchased treasury shares.

After the capital reduction conducted during the reporting period, subscribed capital comprises a total of 18,000,000 voting shares, of a nominal value of HUF 20 each. The ISIN identifier of the shares listed on the Budapest Stock Exchange: HU0000089867.

Before 21 November 2007 the Company (then called Pannonplast Műanyagipari Nyrt.) held common shares (HU0000073440 ISIN) of a nominal value of HUF 100 each; the nominal value splitting procedure took place thereafter.

27. Repurchased treasury share

	2024	2023
Number of repurchased treasury shares	1,982,417	3,768,929
Nominal value (HUF Th)	39,648	75,379
Fair value (HUF Th)	3,092,571	4,711,161

On 31 December 2024 the Company held a total of 1,982,417 PannErgy Nyrt. treasury shares, 1,786,512 less than on 31 December 2023.

The decrease in the reporting period was due to the cancellation of 2,000,000 treasury shares and the repurchase of 213,488 treasury shares collectively. The latter repurchases were made in 2024 H1 under the Company's treasury share repurchase program in effect during the reporting period. There were no treasury share buybacks in the second half of the year.

The cost value of the share purchases in the reporting period is HUF 300,178 thousand, the effect of the revaluation at the end of the period is HUF 881,232 thousand, and the value of the treasury shares cancelled and capital transferred is HUF 2,800,000 thousand at the exchange rate of HUF 1,400 on 17 July 2024. As a combined effect, the value of repurchased treasury shares changed by HUF 1,181,410 thousand.

The stock exchange closing price of PannErgy shares was HUF 1,560 per share at the end of the reporting period, compared to HUF 1,250 on 31 December 2023.

The details of the treasury share buyback programmes effective in the reporting period are explained in Chapter 9 *Dividend payment, Treasury share purchase* of the Business Report.

The public disclosures contain more information on the Company's treasury share transactions.

28. Reserves

The details of reserves in PannErgy Nyrt.'s financial statements are as follows:

	2024 HUF Th	2023 HUF Th
Capital reserve	4,735,564	6,614,332
Retained earnings	7,259,176	6,914,453
Total	**11,994,740**	**13,528,785**

The PannErgy Nyrt.'s IFRS statement of financial position shows the aggregated amount of the reserve created for treasury shares and the general reserves in separate lines. The form of accounting and presentation complies with the requirements described in the *IAS 32 Financial instruments: Presentation and IAS 33 Earnings per share standard*s.

The capital reserve is associated with two historical events: firstly, the subscribed capital reduction upon the Company's transformation into a company limited by shares and secondly, the exchange gain resulting from the share issue. The amount of the profit reserve equals the total amount of the profits accumulated by the PannErgy Group in the previous years, net of the dividends paid to shareholders.

In the reporting period, the General Meeting of the Company decided that it would not pay dividends for the year 2023.

The proposal regarding the use of the company's net income for the current year and the approval of dividends, accepted by the Board of Directors and submitted to the General Meeting, is as follows regarding the dividend:

„The General Meeting approves the proposal of the Board of Directors according to which the Company's net income will be fully placed into retained earnings, and therefore, the Company will not pay any dividends.

More detailed information is provided regarding the dividend in the public disclosures. Details of dividend payments made during the reporting period are presented in *Chapter 9. Dividend payment* of the Business and Management Report that was drawn up based on these consolidated financial statements.

In accordance with the provisions of Section 114/B of Act C of 2000 on Accounting, the Company has drawn up the Equity Correlation Table of PannErgy Nyrt. – as a company on its own – as of 31 December 2024, which serves as the basis for calculating dividends for 2024 as a dividend payment limitation.

Equity figures based on the IFRS Financial Statements	**31.12.2024 (HUF Th)**
Subscribed capital	**360,000**
Reserves	11,994,740
– of which Capital reserves	4,735,564
– of which Retained earnings	7,259,176
Reserve for repurchased treasury shares	-3,092,571
Net P&L for the reporting year	148,041
Total shareholders' equity	**9,410,210**

Dividend payment limitation under Section 114/B of Act C of 2000 on Accounting	**31.12.2024 (HUF Th)**
Capital registered by the Court of Registration	360,000
Subscribed, unpaid capital	-
Capital reserve	4,735,564
Tied-up reserve (repurchased treasury shares)	-3,092,571
Tied-up reserve (other tied-up reserves / development reserves)	15,821
Revaluation reserve	-
Retained earnings	7,243,355
Net P/L for the year / Profit after tax	148,041
Total shareholders' equity	**9,410,210**
Of which Capital registered by the Court of Registration (= IFRS subscribed capital)	360,000
Dividend payment limitation, retained earnings available for dividend payment	**4,298,825**

29. Long-term loans, leases

At the end of the reporting period, the Company recognised the following long-term liabilities:

	2024 HUF Th	2023 HUF Th
Long-term loans to group member companies	480,532	-
Non-current lease liabilities	7,387	16,686
Total	**487,919**	**16,686**

At the end of the reporting period, the Company has long-term loans and borrowings to PannErgy Group member companies in the amount of HUF 480,532 thousand. These were included in current liabilities in the previous year, and the different presentation in the accounts is due to changes in contractual maturities.

At the end of the reporting period, the Company has a non-current liability of HUF 7.387 thousand related to assets embodying the right of use. These liabilities arise from long-term leases of motor vehicles, which the Company recognises as liabilities under its accounting policy in accordance with *IFRS 16.* The portion of lease liabilities under lease contracts which are to mature within one year are recognised as short-term liabilities.

30. Provisions

The Company has the following provisions at the end of the reporting period:

	2024 HUF Th	2023 HUF Th
Opening balance as of 1 January	-	-
Provisioning	10,000	-
Release of provisions	-	-
Total	**10,000**	**-**

In the reporting period, a provision of HUF 10 million was created based on the decision of the Magyar Nemzeti Bank (MNB) regarding the market surveillance fine, in accordance with the extraordinary information given to the Company on 20 January 2025.

In its consolidated financial statements for the reporting year and the previous year, the PannErgy Nyrt. discloses no provisions for environmental or re-vegetation liabilities, and it does not allocate provisions for the costs associated with redundancy programmes or employee pensions. It has no such obligations other than the contributions paid to the public pension system.

31. Deferred tax liabilities

At the end of the reporting period, PannErgy Nyrt. stated a deferred tax liability of HUF 618 thousand. It is related to corporate tax credit of a development reserve nature, stated in the corporate tax returns of previous years but not yet used for projects.

Upon the measurement of deferred tax receivables and liabilities, the deferred tax stated under fixed assets or long-term liabilities showed no changes compared to the previous year:

	2024 HUF Th	2023 HUF Th
Amounts recovered from deferred losses	-	-
The difference between the amount of the depreciation under the Accounting Act and the corresponding amount under the Tax Act	806	789
Receivables from deferred taxes (gross)	*806*	*789*
Development reserve provision	1,424	1,530
Deferred tax liabilities (gross)	*1,424*	*1,530*
Deferred tax to be recognised (net)	**-618**	**-741**
Deferred tax recognised in previous year	-741	-741
Deferred tax recognised/reversed	123	-
Receivables from deferred taxes on 31 December	**-**	**-**
Deferred tax liabilities on 31 December	**618**	**741**

32. Short-term credits, Short-term part of long-term credits

On 31 December 2024, the Company stated the following liabilities from short-term credits:

	2024 HUF Th	2023 HUF Th
Short-term bank loans	-	-
Short-term loans to subsidiaries	-	375,358
Short-term part of long-term credits and leases	11,621	8,710
Closing balance on 31 December	**11,621**	**384,068**

The Company does not have any bank borrowings at the end of the reporting period, consistent with the fact that there was no principal outstanding for its outstanding short-term working capital loan at the end of the period.

The Company's shareholder’s loans to related parties and subsidiaries were included in current liabilities in the base period. These are included in long-term liabilities in the reporting period, in accordance with the maturity provisions of the relevant contracts.

The Company, based on its accounting policy in accordance with the requirements of *IFRS 16*, recognizes the current portion of the related lease liabilities for assets embodying the right of use related to the long-term lease of a motor vehicle, which represents the amount of lease payments payable within one year from the date of the annual financial statements, in the amount of HUF 11,621 thousand as current liabilities at 31 December 2024.

33. TRADE PAYABLES

	2024 HUF Th	2023 HUF Th
Domestic and foreign trade payables	36,814	49,803
Total	**36,814**	**49,803**

Trade payables decreased slightly in the reporting period.

34. OTHER SHORT-TERM LIABILITIES

	2024 HUF Th	2023 HUF Th
Next period's items	45,152	41,204
Liabilities relating to shares	4,419	4,419
Wages and social security	2,078	2,044
Tax and contribution liabilities	462	23,824
Liabilities relating to the purchase of treasury shares	-	12,510
Liabilities relating to derivative transactions	177	9,934
Liabilities relating to dividends	126	126
Total short-term liabilities	**52,414**	**94,061**
Income taxes payable (deducted and shown as a separate line item)	-	23,368
Other short-term liabilities, total	**52,414**	**70,693**

The most significant item within other short-term liabilities is accrual-like items of the next period, at HUF 45,152 thousand; these include HUF 35,822 thousand in interest on a loan from an affiliated entity, the rest being other non-interest costs relating to the reporting period.

Other current liabilities include a liability of HUF 4,419 thousand arising from the conversion of the Company's ordinary shares into dematerialised securities.

At the end of the reporting period, the Company has liabilities related to dividends of HUF 126 thousand, which did not change during the reporting period. The components include as yet unpaid dividends for 2020 and for 2021: HUF 96 thousand and HUF 30 thousand, respectively.

35. Taxation, income tax

35.1. *Income tax payable for the reporting year*

	2024 HUF Th	2023 HUF Th
Tax liabilities for the reporting year	16,187	34,586
Effect of deferred taxes	-123	-
Total	**16,064**	**34,586**

The corporate tax liability for the reporting year is calculated on the basis of the rules governing taxable income set out in the relevant Hungarian rules. As in the previous period, a 9% corporate income tax rate is applied in the reporting period.

The local business tax payable to the municipal governments and the innovation contribution payable on the basis of the local business tax base is stated by the Company – in accordance with its accounting policy – as part of its other expenditures rather than among income taxes.

35.2. *Calculation of the effective income tax*

The difference between the expected income tax figures calculated by multiplying the individual pre-tax profit figures stated in the statement of comprehensive income of PannErgy Nyrt. with the applicable income tax rates, and the corporate income tax figures actually stated in the statement of comprehensive income, is calculated as follows:

	2024 HUF Th	2023 HUF Th
Profit before taxes	**164,105**	**379,309**
The tax payable on the company's profit/loss at the applicable tax rate (9%)	14,769	34,138
Tax implications of non-deductible expenditures, effects of tax base modifying items	1,418	448
Use during the reporting year of the negative tax base carried over from previous years	-	-
Tax liabilities for the reporting year	**16,187**	**34,586**
Write-off of tax receivables assessed earlier	**-123**	**-**
Income tax (as per the profit & loss account)	**16,064**	**34,586**

36. Earnings per share

	2024	2023
Profit after taxes (HUF th)	148,041	344,723
Number of shares issued less the number of treasury shares	16,017,583	16,231,071
Profit/loss per share (HUF)	**9.24**	**21.24**
Diluted profit/ loss per share (HUF)	**9.24**	**21.24**

There is no difference between the profit/loss per share the diluted profit/loss per share at the end of the reporting period since the Company calculates the diluted profit/loss per share without taking into account any adjustment factor, just like in the base period. The reason for this is that the Company has no ongoing share option programme.

37. Financial instruments

The financial instruments of PannErgy Nyrt. can be classified into the following categories:

	2024 HUF Th	2023 HUF Th
Financial assets	**9,868,881**	**9,824,288**
Financial assets available for sale (AFS)	***4,604,949***	***4,604,949***
Long-term investments	4,604,949	4,604,949
Loans and Receivables (LAR)	***427,968***	***5,217,169***
Loans provided	-	4,965,191
Trade receivables	17,765	9,782
Other short-term receivables, prepaid income taxes	410,203	242,196
Financial instruments held to maturity (Held to Collect)	***4,811,191***	**-**
Long-term financial receivables	4,811,191	-
Financial instruments, Fair Value to Profit and Loss (FVTPL)	**24,773**	**2,170**
Securities	22	23
Derivative transactions	24,751	2,147

	2024 HUF Th	2023 HUF Th
Financial liabilities	**588,768**	**544,618**
Other financial liabilities	***588,591***	***534,684***
Trade payables	36,814	49,803
Long-term loans, leases	487,919	16,686
Current borrowings	-	375,358
Short-term part of long-term credits and leases	11,621	8,710
Other financial liabilities	52,237	84,127
Financial liabilities, Fair Value to Profit and Loss, (FVTPL)	***177***	***9,934***
Derivative transactions – liabilities	177	9,934

The Company shows primarily the purchased debt securities and its participations in other companies among its marketable financial assets.

The Company shows purchased debt securities among the loans and receivables and, on account of their very nature, it is also here that it can show the trade receivables and the loans it has provided. Loans are recognised by the Company among the current assets. The value of loans and receivables are initially shown at fair value, and thereafter at amortised cost, in its IFRS annual report, using the effective interest rate method.

The Company states its non-derivative financial assets with fixed or determinable payments, which it positively intends to keep and is capable of keeping, until maturity, among its financial instruments held to maturity (Held to Collect).

Receivables associated with futures transactions, swap transactions are recognised by the Company as financial assets evaluated at fair value against the profit or loss, while liabilities connected with similar transactions are shown as financial liabilities evaluated at fair value against the profit or loss.

All other financial liabilities not carried at fair value through profit or loss – primarily trade payables, loan and credit liabilities, other short-term liabilities. – are recorded under other financial liabilities. Initially, trade payables are recognised at fair value, while subsequently they are measured at amortised cost that are defined with the effective interest method.

38. SHARE-BASED BENEFITS

The Company has no ongoing effective share option programme during the reporting period and no share-based benefits were allocated either. Accordingly, the Company's financial statements do not show any liability in regard to share-based benefits.

39. Off-balance sheet liabilities and commitments

39.1. *Contractual obligations and commitments for investment*

At present the Company has no investment commitments.

39.2. *Commitments relating to asset management transactions*

In concluding asset management type transactions (sale and purchase of shares and other assets) the Company provides reasonable guarantees to secure the economic contents of the transactions. To the best of its knowledge the Company's management expects no obligation to perform significant tasks under the guarantees provided.

39.3. *Other contingent liabilities*

38.3.1. Assets relating to funding by financial institutions, restriction of title

PannErgy Nyrt., as a company on its own, provides security deposit comprised of securities in an amount of HUF 300,000 thousand to secure its working capital loan.

38.3.2. Contingent commitments relating to application schemes

Pursuant to Government Decree 358/2014 (XII. 29) and other related legislation since 1 January 2015 beneficiaries with at least one full closed business year, listed in the NTCA's register of taxpayers free of tax debt obligations are no longer obliged to provide guarantees in relation to funds received from the European Regional Development Fund or the European Social Fund. Accordingly, the PannErgy Group is relieved from the obligation to provide such guarantees in relation to applications regarding all of its applications now in the project maintenance phase.

38.3.3. Operative leases

The minimum aggregated amounts payable in the future under non-cancellable operating lease agreements are shown in the following table in a breakdown by maturity:

	2024 HUF Th	2023 HUF Th
Within 1 year	11,621	8,710
Over 1 year but within 5 years	7,387	16,686
Over 5 years	-	-
Total	**19,008**	**25,396**

In the reporting period, in line with its accounting policy relating to the recognition of leases in compliance with *IFRS 16*, in the statement of financial position the Company presents its future payment obligations arising from the operating lease/long-term lease of vehicles as liabilities, parallel to the presentation of leased vehicles as assets embodying the right of use.

No assets are rented or leased from the Company under lease type arrangements on account of which the *IFRS 16* provisions would be applicable.

40. Financial risk management

40.1. *Financial risk factors*

PannErgy Nyrt. is exposed to the following types of financial risk through its operations: market risk including exchange rate risk, price risk, fair value interest risk, cash flow interest risk, lending risk and liquidity risk.

40.2. *Market risk*

39.2.1. Exchange rate risk

Some of the Company's operations involve foreign currencies and it issues its invoices in EUR as stipulated in the relevant agreements. It also has EUR-denominated liabilities. Such assets and liabilities involving settlements in foreign currencies entail risks resulting from fluctuations in currency rates – particularly the EUR rates – which PannErgy Nyrt. uses its best efforts to mitigate, primarily by maximising the coverage of its EUR loan debt liabilities by the above-mentioned EUR-based revenues. The Company occasionally concluded FX forward transactions in the reporting period, mitigating the risk of exchange rate losses on the settlement of its future payables to be incurred in foreign currencies. These transactions were not cash-flow hedge transactions; the gains and losses on such transactions during the reporting year appear in the financial incomes and financial expenditures categories in its annual report, detailed separately.

39.2.2. Price risk

The Company runs no risks relating to exchange traded commodities or financial instruments.

39.2.3. Cash flow and fair value interest risk

The interest rate risk arising at the Company is negligible as it is does not make use of long-term loans of such long terms provided by external financing companies, thus no interest rate risk arises from the length of the term. The only type of loan the Company has is short-term loans from related parties.

40.3. *Lending risk*

The lending risk is a financial risk of loss from potential non-performance of any contractual obligation by any of the Company's buyers, primarily in the form of failure to settle invoices. It should be noted in particular that the Company sells its products and services to a handful of customers, resulting in a limited degree of diversification.

Customers are rated on the basis of their creditworthiness and their credit limits are determined on the basis of their financial positions, financial data, historical performance and other factors, by the PannErgy Nyrt.'s Finance and Treasury group. The Company monitors draw-downs from the credit limits. Its customers always pay for their purchases by way of bank transfer. No credit limit was exceeded during the reporting period, and management does not expect losses from default on the part of the partners concerned. Buyers' debts (trade receivables) are assessed at the end of the year and actions are taken, as necessary, regarding each buyer individually.

40.4. *Liquidity risk*

Liquidity risk is the risk of the company's incapacity to settle its financial liabilities upon their respective due dates. The purpose of liquidity management is to ensure that sufficient funds are available to settle liabilities when they fall due. The Company's approach to liquidity management is aimed at providing sufficient liquidity, to the extent possible, for the settlement of liabilities on their respective due dates under both regular and tight conditions without incurring unacceptable losses or putting its reputation at risk. Adequate liquidity is maintained by adjusting the terms of the funding sources to the life cycles of its projects. Cash-flow forecasts are worked out by PannErgy Nyrt.'s Finance and Treasury group, besides the monitoring of rolling forecasts regarding the satisfaction of the Group's liquidity requirements, in order to maintain a portfolio of liquid assets as required for the Group's operations, while keeping up sufficient manoeuvring room concerning the available credit limits to ensure that the Company does not exceed any of its limits and can deliver the debt servicing ratios required by financial institutions. The cash-flow forecasts that are based on the financial settlement of trade payables, loan repayments as well as contractual and other incomes are worked out in view of PannErgy Nyrt.'s financial plans, the need to maintain the ratios stipulated in contracts as well as all relevant regulatory and statutory regulations.

Besides trade payables other short-term liabilities appear in the cash-flow forecasts with due dates corresponding to their respective types: taxes and contributions and other liabilities relating to salaries and wages are settled within 30 days, while other liabilities are settled on the dates specified in the underlying contracts or other documents, but not beyond one year.

40.5. *Capital management*

The Company's goal in shaping its capital structure is to maintain continuous operability in order to generate profits for its shareholders and to minimise the cost of capital through an optimised capital structure. To ensure that adequate capital structure is maintained, and/or adjusted as appropriate, the Company makes decisions concerning the amount of dividends paid, or capital repayments to be made, to the shareholders. The Company may, also in the context of capital management, make decisions on issuing new shares or selling assets. The management affirms that the Company meets the applicable statutory capital requirements, based on its assessment as stipulated by the provisions laid down in Act V of 2013 on the Civil Code. Data on the equity and its ratio to the subscribed capital are presented in the following table: The positive amount of the equity was significantly larger than the subscribed capital in both the reporting period and the preceding period.

	2024 HUF Th	**2023 HUF Th**
Subscribed capital	360,000	400,000
Total equity capital	9,410,210	9,562,347
Equity / Subscribed capital	**26.14**	**23.91**

40.6. *Offsetting of financial assets and financial liabilities*

In the case of financial assets and liabilities that are subject to a mandatory offsetting arrangement or a similar agreement, the agreement between the Company and the other party permit offsetting of the given financial assets and liabilities only if both parties opt for this type of clearing. No such agreement or decision is in place in PannErgy Nyrt.; therefore, financial assets and liabilities are cleared and settled in terms of gross amounts.

40.7. *Epidemic risk and war risk*

Expected human and economic impacts caused by potential pandemics in the future, the like of which was experienced in recent years, may result in consequences affecting a variety of different segments and participants of society and economy. In a pandemic situation similar to what we experienced in previous years, the impacts cannot be precisely or fully estimated, therefore such situations continue to entail risks. Given its very nature, the operation of the Company is not expected to be severely restricted by likely future negative consequences of any future epidemic.

The indirect economic impacts of the war that broke out between Russia and Ukraine in 2022 (primarily through extreme fluctuations in the energy markets) did affect the Company during both the base period and the period under review, but only to a limited extent.

In response to the war, the European Union and other international parties adopted wide-ranging, comprehensive economic and other legal sanctions in various areas against Russia in the recent years and such sanctions are expected to be introduced in the future as well. Both the war and the sanctions – those already in place and those adopted in future – have perceivable direct and indirect economic implications that may have an impact on the operating environment of PannErgy. At the time of the preparation of these consolidated financial statements, the impact of future consequences and effects cannot be estimated. Based on the information available, the potential future negative effects of the war are expected to have a limited impact on the operation of the Company because

- the Company has no exposure to Russian or Ukrainian buyers, suppliers, or creditors;
- the Russia–Ukraine war exerts no direct, significant impact on the Company's revenues in the reporting period, on the measurement of its assets or on its investments;
- the availability of the geothermal energy sources used by the Company is independent of the parties involved in the war.

In addition, it should be noted that the geothermal heat production activity of the Company contributes directly to reducing the exposure of Hungary's energy dependence to external market participants and circumstances.

PannErgy Nyrt. proceeded in the reporting period – as in the previous period – in accordance with the recommendations of the European Securities and Markets Authority (ESMA) regarding the presentation of the impacts of the extraordinary events (war and pandemic) on the Company's financial statements. In line with the recommendations the Company placed and continues to place special emphasis on business continuity planning, and for all critical areas of operation has emergency plans that are suitable to support the adoption of the necessary business continuity measures.

In accordance with the disclosure recommendations of ESMA, the Company, as a securities' issuer discloses, as promptly as possible and in accordance with its transparency obligations under the market abuse regulations, all relevant data and information on the impact of the Russia–Ukraine war, the pandemic or any other unexpected event on the Company' assets, income and financial position, operational activities, perspectives and plans.

In conformity with the ESMA recommendation PannErgy Nyrt. publishes the following information in its consolidated year financial report on 2024 in relation to the Russian-Ukrainian war:

The ongoing military events of the Russia–Ukraine war had no material impact on the figures presented in the Company's consolidated financial statements for 2024. In the reporting period the Company continued to provide services to its heat-receiving partners at a high level of operational safety; moreover, it was able to maintain the level of EBITDA, one of its most important operational metrics, and forecasts EBITDA growth in 2025.

40.8. *Risk of the adverse effects of climate change*

The activity of the Company is not affected directly and significantly by the adverse effects of climate change; they do not exert a material impact on revenues that may jeopardise the level of revenues presented in these financial statements. In addition, the activity of the Company is climate-neutral in the sense that the utility and value of the assets required for its core activity – geothermal heat generation – are not affected by the potential negative effects of the climate change. The Company does not need to resort to extra projects to eliminate the adverse effects of climate change, nor does it incur any extra costs (e.g. maintenance) in this regard.

Moreover, it should be noted that the core element of the strategy of PannErgy Group – as the region's dominant company utilising geothermal heat – is to play a key role in countering climate change by its environmentally friendly services of high operational reliability, and to enable major reductions in energy related expenditures by implementing environment preserving capital projects. PannErgy Plc. uses clean and renewable energy solutions to build the future, giving every generation the opportunity to create value by applying the principles of environmental protection and sustainability. The Company has set itself the goal of becoming a market leader in the Central and Eastern European region through the use of geothermal energy, which provides significant economical and ecological value for now and in the future. The environmental strategy of PannErgy designed to mitigate or prevent the negative effects of the climate change is described in *Section 5 Strategy and Environmental Objectives of the PannErgy Group* of the Business Report.

In relation to the Company's activities relating to climate change and environmental protection the ESMA recommendation discloses the following in relation to its consolidated financial statements:

- acts as a renewable energy producer and is engaged in carbon-saving activities;
- prepares a separate ESG/Sustainability Report in accordance with the requirements of the GRI Global Reporting Initiative, GRI Universal Standards 2021, in line with the regulations for listed companies;
- the ESG Report for 2024 will be published at the same time as these consolidated financial statements, detailing information on carbon savings and emissions, with assumptions evaluated and disclosed;

- the non-financial information in the ESG report for 2024 is consistent with the information contained in these consolidated financial statements;
- this report does not contain information on specific provisions set aside for environmental protection or climate change, or information on contingent receivables, liabilities, environmental assets, their impairment loss, the scheduling of environmental projects/investments or their financial impacts;
- The Company is not involved in any green financing programme and has no long term green power purchase agreements;
- Based on the Company's renewable energy generation and carbon emission saving activity the report contains no information on carbon credits or renewable energy certificates – in the case of the Company there is no need for this kind of pollutant emission compensations.

PannErgy Nyrt. will apply the provisions of Act C of 2000 on Accounting regarding the preparation of the sustainability report for the first time for the financial year starting in 2026, in accordance with the provisions of Section 177 (100) of the Act, as an enterprise that is not a micro-entity whose transferable securities are admitted to trading on a regulated market of a state of the European Economic Area.

41. Participations (direct and indirect)

41.1. *Consolidated subsidiaries*

On 31 December 2024, the consolidated subsidiaries of the Company as the parent company and their direct and indirect ownership rates are as follows:

	Share capital (HUF Mn)	Shareholding (%) Direct	Shareholding (%) Direct	Voting rights (%)	Consolidation ratio
PannErgy Geotermikus Erőművek Zrt.	2,072.70	100.00	-	100.00	100.00
DoverDrill Mélyfúró Kft.	86.00	-	100.00	100.00	100.00
Arrabona Koncessziós Kft.	6.10	-	100.00	100.00	100.00
Szentlőrinci Geotermia Kft.	5.00	-	100.00	100.00	100.00
Miskolci Geotermia Kft.	5.00	-	100.00	100.00	100.00
DD Energy Kft.	3.10	-	100.00	100.00	100.00
Kuala Kft.	3.00	-	100.00	100.00	100.00
Berekfürdő Energia Kft.	3.00	-	100.00	100.00	100.00
Geo2Business Kft.	3.00	-	100.00	100.00	100.00

The ratios presented above show the respective shares of ownership and voting rights of PannErgy Nyrt. and PannErgy Geothermal Power Plants Ltd. in the various subsidiaries. The consolidated ratios are the same as the respective shares of ownership. PannErgy Nyrt., the parent company, has a 100% share of ownership in PannErgy Geotermikus Erőművek Zrt. the Group's technical/professional leader company, which in turn is 100% direct owner of all PannErgy project companies and group member companies. Other than the above consolidated subsidiaries, the

Company has no controlling influence or qualified majority in any other business association under the provisions of the Civil Code on business associations.

41.2. *Changes affecting investments and participations during the reporting year*

There were no transactions involving investments and participations during the reporting period.

42. Segments report

In line with IFRS requirements, the Company needs to present its operating segments. PannErgy Nyrt. described one operating segments in its individual EU IFRS report (Assets Management), thus the Company has to fulfil disclosure obligations covering the whole of the business entity. In the case of the Company this means that the reporting year's and the basis year's data of the Asset management segment are the same as the financial information pertaining to the entirety of the business entity, which are adequately presented in this annual report.

43. Explanation for reclassifications relative to basis period report

The base data included in the 2024 annual report and separate financial statements of PannErgy Nyrt. are identical with the data included in the Company's separate financial statements and annual report for 2023.

44. TRANSACTIONS WITH AFFILIATED PARTIES

44.1. *Transactions with members of the Company's management*

The members of PannErgy Nyrt.'s management are shareholders of enterprises that provide regular business management consultancy or long-term lease of vehicle type services for PannErgy Nyrt. In 2024 such services amounted to HUF 106,041 thousand, of which business management consultancy services were provided in the amount of HUF 91,317 thousand, and long-term leases in the amount of HUF 14,724 thousand.

44.2. *Transactions with affiliated parties*

The Company performed the following transactions with related parties during 2024:

Related party transactions	**2024 HUF Th**	**2023 HUF Th**
Sales to related parties [1]	490,169	901,835
– To subsidiaries	*488,655*	*900,515*
– To entities in an ownership relationship with the Group's management	*1,514*	*1,320*
Purchases from related parties [2]	179,842	164,206
From subsidiaries	*73,801*	*66,828*
From entities in an ownership relationship with the Group's	*106,041*	*97,378*
Amounts owed by related parties	5,171,953	5,166,997
From subsidiaries	*5,171,953*	*5,166,871*
From entities in an ownership relationship with the Group's management	-	*126*
Amounts owed to related parties	545,012	435,205
To subsidiaries	*536,933*	*428,506*
To entities in an ownership relationship with the Group's management	*8,079*	*6,699*

[1] Of which HUF 459,078 thousand represents interest income from related parties presented as financial income.
[2] Of which HUF 41,392 thousand represents interest payable to related parties presented as financial expenditure.

44.3. *Loans to and from related parties*

PannErgy Nyrt. provided the following loans to related parties in 2024 and 2023. No loans were disbursed to management.

	2024 HUF Th	**2023 HUF Th**
Opening balance of loans granted	4,965,191	5,387,191
New volume of loans to related parties	186,000	11,500
Repayment of loans from related parties	340,000	433,500
Waiver of loans to related parties	-	-
Closing balance of loans granted	4,811,191	4,965,191

The Company's loans to related parties have decreased by HUF 154 thousand during the reporting period.

Registry of the Company's borrowings from related parties at the end of the reporting period:

	2024 HUF Th	2023 HUF Th
Opening balance of borrowings	375,358	39,421
Disbursements from related parties	117,990	346,937
Repayment of loans to related parties	12,815	11,000
Borrowings waived by related parties	-	-
Closing balance of borrowings	480,533	375,358

The Company's borrowings from related parties have increased by HUF 105,175 thousand in the reporting period, in line with broader Group level cash flow trends.

44.4. *Remuneration of key executives*

In line with the compensation categories set out in *IAS 24 Related party disclosures*, the compensation of key management personnel, the members of the Management Board of the Company and the other employees participating in strategic decisions at the Company and its major subsidiaries was as follows (the table contains the sums paid in the year concerned):

	2024 HUF Th	2023 HUF Th
Short-term employee benefits	25,129	24,775
Termination benefits	-	-
Share-based benefits	-	-
Total	**25,129**	**24,775**

At the Company's General Meeting on 30 April 2024, by MB Resolution No. 8/2024 (IV.30.) the Company set the remuneration of the Chairman of the Management Board at HUF 195,000/month, while that of the other members of the MB at HUF 155,000/month from 30 April 2024, i.e. management remunerations remained unchanged compared to the previous year.

The Company has a (strategic) employee influencing its operations in the person of the CEO, who carries out his duties as an employee.

Other than the above remunerations, no long-term benefits or share-based allocations were provided to members of the MB during the reporting period and the preceding base period. At present, the Company does not recognise any liabilities to past or present executive officers in respect of pension.

45. ADDITIONAL INFORMATION

45.1. *Proposal on the use of P/L of the reporting year and on the approval of dividend payment*

The proposal adopted by the Management Board on the use of the reporting year's P/L and on dividends, as put forward to the General Meeting, is the following:

Considering the report of the Management Board, the opinion of the Audit Committee and the auditor, the General Meeting accepts the report of the Management Board for 2024.

Considering the report of the Management Board, the opinion of the Audit Committee and the auditor, the General Meeting has accepted the Company's individual (parent company), non-consolidated balance sheet, profit & loss account for 2024 as prepared in conformance to the EU IFRSs, in line with the associated proposal and the auditor's report, with an identical total of HUF 10,009,596 thousand for assets and liabilities, and earnings after taxes, i.e. profit of HUF 148,041 thousand.

The General Meeting – considering the report of the Management Board, the opinion of the Audit Committee and the auditor – acknowledges and accepts the EU IFRS consolidated financial statements of the PannErgy Nyrt. Group on its operations in 2024, showing an identical total of HUF 28,683 million for assets and liabilities (balance sheet total), and net earnings, i.e. profit of HUF 1,405 million.

The General Meeting has accepted the proposal of the Board of Directors to transfer the total amount of the Company's profit after taxes to the profit reserve, and therefore the Company will not pay any dividend."

45.2. *Audit information*

Pursuant to the relevant provisions of Act C of 2000 on Accounting, PannErgy Nyrt. is subject to mandatory audit; the separate and consolidated financial statements (report) of the Company drawn up in accordance with the IFRS standards are also audited by an independent auditor.

In the reporting period, the Company was audited by BLUE RIDGE AUDIT HUNGARY Kft. (address: H-1026 Budapest, Sodrás utca 5. 2. em. 1, tax number: 13076858-2-41, company registration number: 01-09-717568, Chamber registration number: MKVK 004410); the audit report was signed by Gábor Merkel (Chamber registration number: MKVK 007363, address: H-1138 Budapest, Jakab József utca 21. 2. em. 7).

The auditor charged a fee of HUF 7,500,000 for the audit for the financial year under review, and an additional fee of HUF 1,563,000 for other services (mediated services of the audit quality control).

45.3. *Person responsible for the preparation of the report*

The person responsible for governing and managing the book-keeping tasks of PannErgy Nyrt. and the preparation of the report is József Ivánka – as head of accounting at PannErgy Nyrt. / PannErgy Group – chartered accountant registered in IFRS and Business (licence number: 168953, address: H-1163 Budapest, Bronz utca 31/A).

45.4. *Members of the Company with controlling influence*

PannErgy Nyrt. is a public limited company. In line with *Section 7.2 (Shareholders with over 5% shareholdings in the Company as at 31 December 2024)* of the Business Report, none of the members of the Company has a majority interest – in particular, qualified majority – in the Company; consequently, there is no need to disclose any information on the name, registered office or voting share of such members.

45.5. *Persons authorised to act on behalf of the Company*

Members of the Management Board are entitled to represent and act on behalf of the Company as follows; they are authorised to sign the annual report:

Name	Position	Address	Mandated from	Signature right
Dénes Gyimóthy	MB member, Chairman	94501 Komárno, Medercská ul. 748/73.	31.08.2007	independent
Katalin Gyimóthy	Member of the MB	H-8220 Balatonalmádi, Somfa utca 4.	28.04.2016	joint
Attila Juhász	Member of the MB	H-2251 Tápiószecső, Rákóczi út 6.	31.08.2007	joint
Kálmán Rencsár	Member of the MB	H-6320 Solt, Posta utca 51.	30.04.2020	joint
Gábor Briglovics	Member of the MB	H-2483 Gárdony, Barabás Miklós utca 10.	16.04.2021	joint
István Jaksa	Employee, Chief Executive Officer	H-1222 Budapest, Nap utca 28-30. 2. ajtó	13.02.2024	joint

45.6. *Other disclosure obligations of the Company*

PannErgy Nyrt., as an entity compiling its annual report in accordance with the IFRS standards, is not subject to 'Reporting on payments to governments' under Section 114/I (3) of Act C of 2000 on Accounting, as its activity does not fall within the category of undertakings active in the extractive industry within the meaning of Regulation (EC) No 1893/2006 and Directive 2013/34/EU of the European Parliament and of the Council referred to in the Act.

Pursuant to Section 114/I (3) of the abovementioned Accounting Act and Chapter VI/B referred therein, the company is required to prepare a report containing corporate income tax information. PannErgy Nyrt., as the undertaking compiling the highest level, consolidated financial statements of the PannErgy Group, prepares and – concurrently with the publication and depositing of the annual report – publishes the above report.

45.7. *Registered office, website and contact information of the Company*

PannErgy Nyrt. has its registered office in Hungary at H–1112 Budapest, Boldizsár utca 2 (Budapest One Irodaház D. torony. 8. emelet). The Company's separate and consolidated financial statements and report are available at the Company's registered office and on its website (https://www.pannergy.com).

46. EVENTS AFTER THE REPORTING DATE

No material events or significant developments that would have an impact on the Company's 2024 financial year, or the reported results and balance sheet figures for that period occurred after the reporting date.

References to events that occurred after the cut-off date of the annual report are presented in the table below; complete information is available at the Company's official places of disclosure.

Date	Type of news	Subject, brief content
4 March 2025	Extraordinary information	Invitation to the General Meeting
2 March 2025	Extraordinary information	Voting rights, share capital
31 January 2025	Extraordinary information	Voting rights, share capital
20 January 2025	Extraordinary information	Resolution of the Magyar Nemzeti Bank on the prohibition of unlawful conduct and imposition of a market surveillance fine against the Issuer
15 January 2025	Extraordinary information	Quarterly production report
6 January 2025	Extraordinary information	Extension of the market maker agreement

Besides the above-mentioned it can be mentioned that on 13 March 2025 the Budapest Stock Exchange published its announcement regarding the new members of the BUX baskets effective from 1 April 2025 and according to this the PannErgy shares are removed from the BUX basket effective from 1 April 2025.

47. Date of authorisation of disclosure

The Company's Management Board approved the financial statements and authorised their disclosure on 19 March 2025.

Dénes Gyimóthy
On behalf of the Management Board

PannErgy Nyrt.
Business Report
2024

Based on the EU IFRS annual report of PannErgy Nyrt.

THIS ANNOUNCEMENT IS PUBLISHED IN HUNGARIAN (MANDATORY, OFFICIAL) AND ENGLISH LANGUAGES. IN CASE OF ANY CONTRADICTION BETWEEN THESE TWO VERSIONS, THE OFFICIAL HUNGARIAN VERSION SHALL PREVAIL.

Budapest, 19 March 2025

The attached pdf report is not the official individual report of the Company; the official individual report will be attached to the Consolidated Financial Statement published in ZIP (specifically XHTML-XBRL) format, as required by applicable legislation. The contents of the attached pdf report are fully identical with those of the individual report attached to the Consolidated Financial Statement published in ZIP (specifically XHTML-XBRL) format.

1. Executive Summary (regarding the PannErgy Group)

Fulfilment of consolidated EBITDA plan and heat sales performance above previous year

As in previous years, the focus of the PannErgy Group's operational activities in 2024 was to continuously improve the operational status and efficiency of geothermal projects and increase their capacity, thereby achieving the heat production and EBITDA targets.

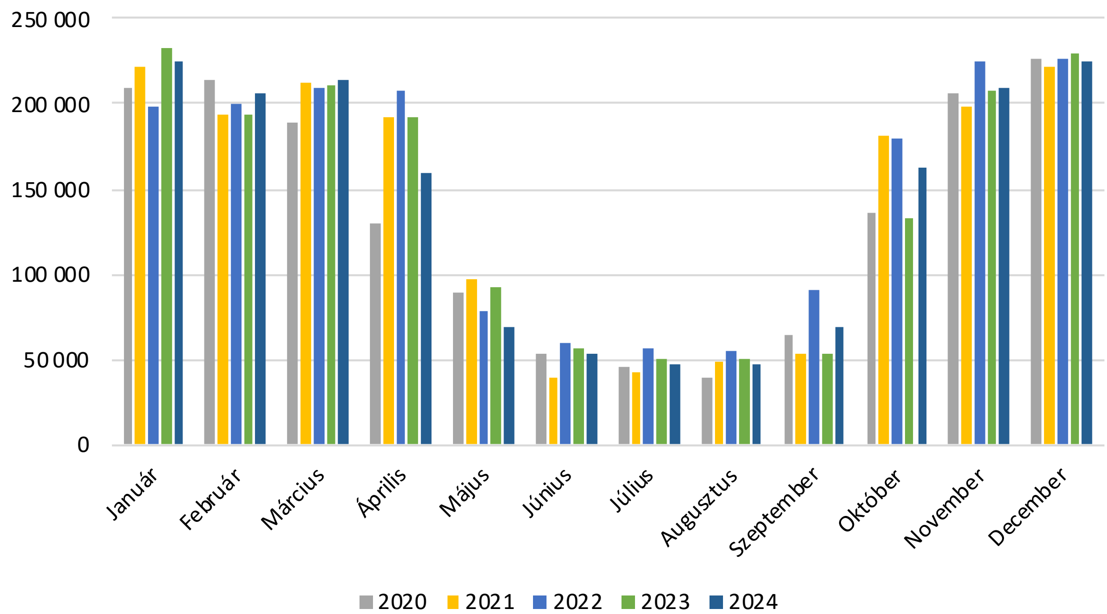
The Group fully met the technical and financial targets set for the reporting period, along with the successful expansion of a major investment project, the Miskolc Geothermal Project, the deepening of the third production well in the project.

Thanks to efficient geothermal operations and supportive operational activities, the PannErgy Group's consolidated EBITDA performance for the reporting period was in line with the Company's plans.

The PannErgy Group's consolidated EBITDA reached HUF 3,921 million in the reporting period, meeting the target range of HUF 3,900–4,100 million for the EBITDA plan range set for 2024.

Some quarters of the reporting period were characterised by less favourable weather conditions in terms of heat input, but the optimised operation for capacity conditions and weather conditions ensured that the PannErgy Group was able to deliver energy that was on target but above the 2023 consolidated heat sales volume.

The consolidated heat sales of the PannErgy Group for the year 2024 were 1,767 TJ, which is 4% higher than the 1,705 TJ of the base period and substantially reaches the target of 1,773 TJ for the reporting period.



Consolidated volume of heat sold (GJ)
The chart illustrates the aggregate amount of heat sold by the Miskolc, Győr, Szentlőrinc and Berekfürdő projects, in a monthly breakdown.

	2020	2021	2022	2023	2024	2024 TERV	2025 TERV
Január	209 678	221 966	197 923	232 696	225 521		
Február	213 855	194 173	199 600	193 989	206 080		
Március	189 195	211 762	209 267	211 365	214 659		
1. negyedév	**612 728**	**627 901**	**606 790**	**638 050**	**646 259**	**634 509**	**653 982**
Április	130 407	192 053	207 861	192 834	159 116		
Május	89 190	96 333	78 637	92 125	68 687		
Június	53 394	38 595	58 955	56 645	52 745		
2. negyedév	**272 991**	**326 981**	**345 453**	**341 604**	**280 548**	**340 612**	**287 272**
Július	45 297	42 919	56 299	50 385	47 662		
Augusztus	39 205	48 023	54 838	50 659	47 099		
Szeptember	64 096	53 870	90 033	53 905	68 343		
3. negyedév	**148 598**	**144 812**	**201 170**	**154 949**	**163 104**	**166 451**	**163 099**
Október	136 460	180 427	179 453	133 450	209 679		
November	205 417	197 872	224 871	208 031	224 674		
December	225 688	221 198	226 770	229 190	242 321		
4. negyedév	**567 565**	**599 497**	**631 094**	**570 671**	**676 675**	**631 543**	**666 246**
ÉV ÖSSZESEN	**1 601 882**	**1 699 190**	**1 784 507**	**1 705 274**	**1 766 586**	**1 773 116**	**1 770 599**

Consolidated actual and target amounts of heat sales, in GJ

The Group's consolidated revenue for the reporting period is HUF 8,140 million, 16% below the base period, almost exclusively due to significantly higher producer heat prices in the base period, with no material change in profitability. The significant increase in electricity costs prior to the base period, as a recognition of justified costs associated with district heat production through regulatory pricing, resulted in significantly higher heat prices in the base period compared to previous periods.

The significant 34% decrease in consolidated gross margin is in line with the normalisation of the 45% increase in consolidated gross margin resulting from the electricity market and hence regulatory pricing anomalies in the base period, so the two changes are closely correlated. As in the previous year, the release in the reporting year of the provision for justified cost recognition through regulatory pricing, which was established in the previous year, was recognised as Other income in the amount of HUF 336 million.

Consolidated gross cash flow for the reporting period amounted to HUF 4,081 million, with a gross cash flow ratio of 51%, the same as in the previous year.

As a combined result of the **total indirect cost of sales and other income and expenses**, costs came to HUF -160 million, in contrast with the HUF -965 million stated in the base period. The positive change between the two periods is mainly due to one-off other income in the reporting period and the release of a provision in the reporting year.

Provisions of HUF 336 million made in the previous period for this purpose were reversed in the reporting period under other revenue, with the underlying items being recognised through the regulatory heat rate.

No provision was made in the reporting period in relation to the regulatory heat pricing linked to district heat production in future periods. The main reason for this is that in terms of the electricity costs, which are the most significant among the recognised costs affecting the regulatory pricing in the reporting period, the electricity market has consolidated, with significantly lower prices than in previous periods in a less volatile environment, allowing for the elimination of the need for correction factors and significant subsequent back-testing between pricing periods.

The Group achieved an operating profit of HUF 1,843 million in the reporting period, 11% below the previous year's level.

The PannErgy Group's consolidated EBITDA reached HUF 3,921 million, achieved with an EBITDA margin of 49%. This consolidated EBITDA performance in the reporting year is practically identical to the previous year's consolidated EBITDA performance, coming within 1% of it.

The Company incurred a financial loss of HUF -356 million in the reporting period, mainly due to interest charges on its loan portfolio. The combined loss impact of revaluations related to foreign currency items is HUF -150 million, of which the impact of unrealised revaluations at the end of the period is a loss of HUF -86 million.

The Group achieved an above-average consolidated net profit of HUF 1,405 million as profit after tax in 2024, still 18% below the record consolidated profit of HUF 1,716 million in the base period.

Main profit/loss data (HUF million)	2024	2023
Revenue from sales	8,140	9,668
Direct cost of sales	-6,137	-6,625
Gross margin	**2,003**	**3,043**
Gross cash flow	**4,081**	**4,883**
Gross cash flow rate	**51%**	**51%**
Indirect costs of sales	-702	-688
Other revenues and expenditures	542	-277
Operating profit (EBIT)	**1,843**	**2,078**
EBITDA	**3,921**	**3,930**
EBITDA rate	**49%**	**41%**
Profit/loss on financial transactions	-356	-241
Profit before taxes	**1,487**	**1,837**
Consolidated net profit for the reporting period	**1,405**	**1,716**
Earnings per ordinary share (diluted EPS) (HUF)	**93**	**112**

The Group's EBITDA projection for the coming year (2025)

The Group's management has defined a consolidated EBITDA target in the range of HUF 4,000 – 4,150 million under the IFRS for the 2025 business year, which represents an organic increase in the median value compared to the expected results of the 2024 business year. This EBITDA plan range is consistent with the information presented and disclosed in the 2024 Q4 Production Report.

Change in PannErgy's regulated district heating producer tariffs

In its extraordinary publication of 1 October 2024, the Group informed the public that the regulated district heating producer tariffs to be applied from 1 October 2024 – also applicable to subsidiaries subject to PannErgy's district heating price regulation – were announced by the Minister of Energy in his Decree No. 16/2024 (IX. 30.) (hereinafter: "Decree") published in volume 98 of 2024 of the Magyar Közlöny (the Hungarian Official Journal). **In contrast to previous practice, the Regulation set district heating producer tariffs not only in the form of a sales heat tariff for the heat volume sold, but also in the form of a split heat supply tariff for the heat volume sold, and a monthly sales base tariff, i.e. using a so-called two-element pricing system:**

With the introduction of two-element pricing above, the sustainable profitability of the Group – derived from regulatory pricing – becomes more predictable. Also, the impact on the Group's profitability of changes in the demand for heat affected by the regulatory pricing (e.g. the weather) is minimised.

Due to the lower sales heat tariff (HUF/GJ) and the higher sales base tariff in the fourth quarter of the year compared to the other quarters, the weight and share of the first half of the year in the operating profit generation capacity decreases in the financial year, while it increases in the second half of the year.

The regulated prices defined for the district heating companies of the PannErgy Group in the reporting period and the base period are described in detail in *Section* 2.2 *Regulated district heating tariffs in the Business and Management Report of the Consolidated Financial Statements.*

Ongoing projects

Expansion of the Miskolc Geothermal Project with a third production well

The Group completed the drilling of the third geothermal production well of the Miskolc Geothermal Project with the official well testing on 8 November 2024. Thanks to the expansion investment, the theoretical usable capacity of the Miskolc system may increase by 15%–20% and will significantly improve the continuity of operations by increasing the number of production wells. This is because the third production well, similar to the system in Győr, also provides reserve capacity, so in the event of a failure, instead of replacing the well pump, which would take 7–12 days, heat production is restarted with a few hours of switching over – with a capacity significantly approaching the original – for the period when the failure is repaired.

It is important to emphasize that the resulting green reserve system is independent of fossil fuel sources, which, in the case of Hungarian geothermal systems, has so far only been achieved in the Győr Geothermal System, also owned by PannErgy.

After the implementation phase, the testing and trial operation of the well as a system component under live conditions began, which has already resulted in useful geothermal heat supply. The third production well in Miskolc will be officially commissioned in 2025 Q1, following testing and trial operation.

The CAPEX cost of the project as of 31 December 2024 is HUF 3,115 million, which includes the cost of the deepening of the well and the cost of the construction of the surface system and its integration into the functioning system.

Budapest environs project

In connection with the **geothermal project to be established near Budapest**, the Group received a permit for drilling an exploration well during the reporting period, and is now investigating the potential of the project. The drilling preparation works can be carried out at a later stage, provided that the technical and financial requirements make it possible to implement the project and ensure its returns. The Group continues to be confident regarding the implementation of further explorations in connection with the project.

In relation to the project's preparation and the obtaining of the necessary licences an amount of HUF 55 million investment in progress appears among tangible assets as of 31 December 2024.

Treasury share buyback programmes and reduction of share capital

On 31 December 2024 the Group held a total of 2,917,620 PannErgy Nyrt. treasury shares, 1,786,512 less than the 4,704,132 it held on 31 December 2023. The decrease in the reporting period was due to the cancellation of 2,000,000 treasury shares and the repurchase of 213,488 treasury shares in connection with the Group's treasury share buyback programmes during the reporting period. Treasury share repurchases took place in 2024 H1, with no such transactions in H2.

In connection with the cancellation of shares during the reporting period, HUF 2,800 million was derecognised at the closing price of HUF 1,400 on 17 July 2024 and the 2,000,000 shares cancelled. The cost of share purchases during the reporting period is HUF 300 million, and the impact on capital of revaluations during the period is HUF 1,171 million. The combined effect of these in the reporting period was a reduction in the value of the repurchased treasury shares within equity by HUF 1,329 million (with a reverse sign).

The closing price of PannErgy shares at the end of 2024 is HUF 1,560, a 25% appreciation compared to the end of the previous period (HUF 1,250).

General meeting closing the previous business year, dividend payment

On 30 April 2024, the General Meeting of the Group approved PannErgy Nyrt.'s audited consolidated and separate (parent company) unconsolidated annual reports for 2023, drawn up in accordance with the EU IFRS standards. The General Meeting subsequently approved the Management Board's proposal regarding dividends, on the basis of which no dividend was paid.

2. Profit or loss of PannErgy Nyrt. as an individual company in 2024, key indicators of business operations

Key profit/loss figures (HUF Th)	2024	2023
Revenue from sales	**77,617**	**67,052**
Direct cost of sales	-64,735	-55,719
Gross margin	**12,882**	**11,333**
Gross cash flow	**24,851**	**23,305**
Indirect costs of sales	-269,894	-239,511
Other revenues	605	2,737
Other expenditures	-21,680	-20,190
Operating profit (EBIT)	**-278,087**	**-245,631**
EBITDA	**-243,667**	**-211,309**
Profit/loss on financial transactions	442,192	624,940
Profit before taxes	**164,105**	**379,309**
Net profit for the year (profit after tax)	***148,041***	***344,723***
Return on Equity, % (ROE)	*1.57*	*3.61*
Return on Sales, % (ROS)	190.73	514.11
Earnings per share (EPS) HUF	**9.24**	**21.24**

Diluted earnings per share amounted to HUF 9.24. As in the previous period, there is no difference in determining diluted earnings per share as no share option programme was running with shares not called at the end of the reporting period.

Detailed description of the business operations of PannErgy Nyrt. as an individual company in 2024:

PannErgy Nyrt. earned a sales revenue of HUF 77,617 thousand in 2024, 16% above the 67,052 thousand figure posted for 2023.

The bulk of the revenue comprised revenues from the re-invoicing of power consumption by tenants of the Debrecen properties and other ‘mediated service’ costs, while the smaller part was made up of rental fees.

In the reporting period, the rental income amounted to HUF 29,047 thousand, which is 8% more than the HUF 26,888 thousand reported in the previous year. These rental revenues are derived from rental contracts for the properties in Debrecen.

Amounting to HUF 269,894 thousand in the reporting period, the Company’s expenditures related to holding governance rose by 12.7% relative to the previous year. This increase is in line with the increase in the consumer price index for services over the reporting period.

Based on the above, the Company reports an operating result of HUF -278,087 thousand and EBITDA of HUF -243,667 thousand for the reporting period, as interest income from loans to related parties related to asset management and holding management, which are its main activities, are recognised in income from financial operations.

In the reporting period the Company realised interest income of HUF 463,564 thousand on its asset management and holding governance operation, in contrast with the interest income of HUF 885,193 thousand of the previous year.

Thanks to this, financial profit amounted to HUF 442,192 thousand in the reporting period.

For the reasons detailed above, after an income tax expenditure of HUF 16,064 thousand, the Company realised a net P/L of HUF 148,041 thousand in the reporting period.

Key data on the asset position (HUF Th)	2024	2023
Fixed assets	**9,527,739**	**4,747,868**
Total current assets	481,857	5,359,839
Of which Liquid assets	29,116	140,499
Total assets	**10,009,596**	**10,107,706**
Total shareholders' equity	**9,410,210**	**9,562,347**

The increase in non-current assets and the significant decrease in current assets during the reporting period were due to the reclassification of loans to related parties from short-term to long-term, in line with the changes in the maturity of the contracts.

At the end of the reporting period, based on the tax recovery calculations of PannErgy Nyrt., the Company stated a deferred tax liability of HUF 618 thousand, with no change during the reporting period.

The Company's equity decreased by 1.6% year-on-year, primarily as a result of the share cancellations and the reduction of capital in the reporting period as well as the equity decreasing effect of the treasury shares repurchased during the reporting period.

At the end of the reporting period, HUF 375,358 thousand is stated as short-term loans, which are related loans from subsidiaries.

Key indicators	2024	2023
Profitability indicators		
Return on assets, % (ROA)	1.48	3.41
Return on Equity, % (ROE)	1.57	3.61
Return on Sales, % (ROS)	190.73	514.11
Asset position indicators		
Ratio of fixed assets, %	95.19	46.97
Ratio of equity capital, %	94.01	94.60
Indebtedness rate, %	6.37	5.70
Financial indicators		
Liquidity ratio	477.80	1,014.25
Acid test ratio	477.80	1,015.25
Earnings per share (EPS) HUF	**9.24**	**21.24**

3. INTRODUCTION TO THE COMPANY

3.1. *Core activity of PannErgy Nyrt.*

PannErgy Nyrt. (Company or PannErgy) is an entity listed at the Budapest Stock Exchange and is a premium share issuer and controller of the PannErgy Group; the core activities of the Group involve the extraction, utilisation for energy generation and selling of one of Europe's most significant thermal water resources, in particular, renewable geothermal energy. In connection with its geothermal energy generating operations the Company performs productive operations in Miskolc, Győr, Szentlőrinc and Berekfürdő.

On 31 December 2024, PannErgy Nyrt. had 1 employee; the CEO performs his duties on an employment basis. Its executive officers, other than the chief executive officer – members of the Management Board – do not work under an employment relationship.

PannErgy Nyrt. has its registered office in Hungary at H–1112 Budapest, Boldizsár u. 2.

3.2. *Real property utilisation*

At the end of the reporting period, in addition to its core operations comprising the production and sale of geothermal heat (Energy) the Company has industrial/commercial real properties and offices originating from before the time of the 'Pannonplast - PannErgy' strategy shift in the town of Debrecen. The PannErgy Nyrt. shows its industrial properties in Debrecen, which are not directly or indirectly related to the Group's core operation, that is, geothermal heat generation and sale, in its investment property portfolio, which it intends to utilise through lease arrangements. These properties were presented in the Company's consolidated statement of financial position at cost less depreciation, in an amount of HUF 77,235 thousand. Their fair value amounted to HUF 117,000 thousand at the end of the period.

4. Achievement of PannErgy Nyrt.'s main targets for 2024 and the associated risks

The main objective of the Company as the parent of the PannErgy Group for 2024 is to increase heat generation in relation to its holding governance activity as its core operation and, in this context, the improvement of the predefined group-level margin, cash flow and EBITDA. In 2024, as well, the PannErgy Group successfully achieved the objective laid down in its geothermal energy generation and utilisation strategy – aimed at the efficient utilisation of the capacities available at the various project sites in line with the prevailing weather conditions and at the dynamic selection of the operating condition(s) best supporting this objective.

The consolidated heat sales of the PannErgy Group for the year 2024 were 1,767 TJ, which is 4% higher than the 1,705 TJ of the base period and approached the target of 1,773 TJ for the reporting period within 1%.

PannErgy Group's consolidated EBITDA amounted to HUF 3,921 million, which is consistent with the 2024 EBITDA target range published in the Quarterly Production Report – 2024 Q4 on 15 January 2025, which projected financial results close to the lower end of the EBITDA plan range of HUF 3,900 – 4,100 million. This consolidated EBITDA value for the reporting year **is almost the same as the previous year's EBITDA value of HUF 3,930 million, approaching it within 1%. This EBITDA performance of the reporting period was achieved with a 49% EBITDA ratio.**

In addition to the objectives described above, the key 2024 objective of PannErgy Nyrt. as an individual company was profitable financial management at group level. As in the previous year, the conditions for this were in place at the Company; the net profit in the reporting year was HUF 148,041 thousand, which is below the HUF 344,723 thousand P/L in the base period, but at the same time ensures stable, financially profitable operation.

5. The company's strategy, environmental goals

The core element of the strategy of the PannErgy Group, the region's dominant company utilising geothermal heat, is to play a key role in countering climate change by its environmentally friendly services of high operational reliability, and to enable major reductions in energy related expenditures by implementing environment preserving capital projects. PannErgy Plc. uses clean and renewable energy solutions to build the future, giving every generation the opportunity to create value by applying the principles of environmental protection and sustainability. The Company has set itself the goal of becoming a market leader in the Central and Eastern European region through the use of geothermal energy, which provides significant economical and ecological value for now and in the future.

5.1. *ESG Management, ESG report*

The PannErgy Group believes that is extremely important to determine the influence and impact its activities have on the environment and on society as a whole. Accordingly, it published its first ESG report in 2021, ahead of the deadlines prescribed in the applicable legal regulations. Subsequently, the ESG Report 2023 *("Sustainability Management and Environmental, Social and Governance (ESG) Performance Summary and Report")* will also be issued simultaneously with the publication of the ESG Report 2022 and the current consolidated financial statements.

PannErgy will prepare these non-financial reports in accordance with the GRI Global Reporting Initiative (one of the most recognised ESG standards worldwide) specifically the GRI Universal Standards 2021. The completed ESG reports, including the ESG report for the reporting period 2024, will be evaluated and validated for standards compliance by the GRI Global Reporting Initiative.

In addition to presenting the data included in these consolidated financial statements, the ESG reports describe the environmental and social impacts of the operation of the PannErgy Group during the reporting period, along with the Company's sustainability and environmental strategy and actions. The purpose of the ESG report – to be issued simultaneously with these consolidated financial statements – will be to enable investors and other market participants to familiarise themselves with these details, to which end the Company provides deeper and more detailed disclosures, focusing on climate change, climate risk, and sustainable development.

As a renewable energy producer and a major contributor to carbon footprint reductions, the Company sees ESG as a significant opportunity for establishing a framework to identify non-financial aspects that may have a material impact on the performance of an investment, including the assessment and presentation of new non-financial risks.

PannErgy Nyrt. will apply the provisions of Act C of 2000 on Accounting regarding the preparation of the sustainability report for the first time for the financial year starting in 2026, in accordance with the provisions of Section 177 of the Act, as an enterprise that is not a micro-entity whose transferable securities are admitted to trading on a regulated market of a state of the European Economic Area.

5.2. *PannErgy for the prevention of climate change, carbon saving operation*

The ESG report referred to in section 5.1 also includes, among other things, the PannErgy Group's greenhouse gas emission savings balance.

Since PannErgy's core business is renewable geothermal energy production with minimal emissions, the Company's business is based on emission savings instead of emissions.

The Company has defined the total annual emissions savings and the savings rate as key indicators for its overall strategic environmental objectives. Total annual emissions savings is the amount of emissions (in tonnes) saved by the Company during the relevant business period from its direct and indirect heat-transfer partners, as a result of its core green energy production activity. The emissions savings rate is the ratio between the green house gas emissions of the energy used in the production and sale of the geothermal energy produced and theoretical green house gas emissions calculated for a hypothetical production using an alternative fossil fuel source typical of the region.

PannErgy's consolidated greenhouse gas emissions savings rate was 70% in 2024, almost identical to the base period value, which means that in the reporting period it continued to save approximately 3/4 units compared to fossil fuel emissions.

Based on the greenhouse gas emissions related to energy production, the Company emitted 30% of the GHG environmental burden of the natural gas-based power generation of 90% efficiency considered for the purpose of offsetting emissions in the reporting period.

In 2024, the Company offset (saved) 72 thousand tonnes of CO_2-equivalent GHG emissions. For the calculation of the GHG emissions savings rate, in order to define the GHG emission of the Group, the Company considered the CO_2 impact of the electricity needs of geothermal heat generation (Scope 2) and the GHG emissions related to administrative central operation and project-level site operation (Scope 1). As regards savings, the Company considered the emissions of the power plant in Berekfürdő – which produces electricity and heat by burning methane gas captured from geothermal fluids – as a carbon-neutral activity due to its small size and the positive GHG impact of converting methane to carbon dioxide.

6. Subsidiaries of PannErgy Nyrt.

6.1. *The PannErgy Nyrt.'s subsidiaries, shares of ownership and consolidation ratios*

PannErgy subsidiaries	Share capital (HUF Mn)	Shareholding (%)	Voting rights (%)	Consolidation ratio
PannErgy Geotermikus Erőművek Zrt.	2,072.70	100.00	-	100.00
DoverDrill Mélyfúró Kft.	86.00	-	100.00	100.00
Arrabona Koncessziós Kft.	6.10	-	100.00	100.00
Szentlőrinci Geotermia Kft.	5.00	-	100.00	100.00
Miskolci Geotermia Kft.	5.00	-	100.00	100.00
DD Energy Kft.	3.10	-	100.00	100.00
Kuala Kft.	3.00	-	100.00	100.00
Berekfürdő Energia Kft.	3.00	-	100.00	100.00
Geo2Business Kft.	3.00	-	100.00	100.00

6.2. *Key data of consolidated subsidiaries in the reporting period (HUF millions)*

PannErgy subsidiaries	Equity	Subscribed capital	Árbevétel	Business profit or loss	Profit after taxes	Headcount
PannErgy Nyrt.	9,408	360	78	-280	146	1
PannErgy Geotermikus Erőművek Zrt.	3,246	2,073	73	150	6	6
Arrabona Koncessziós Kft.	3,294	6	3,491	472	391	2
DD Energy Kft.	2,471	3	2,954	442	452	2
DoverDrill Kft.	980	86	172	-43	7	1
Miskolc Geotermia Kft.	446	5	1,954	427	27	5
Kuala Kft.	608	3	1,577	414	227	1
Szentlőrinci Geotermia Kft.	30	5	90	73	1	-
Berekfürdő Energia Kft.	601	3	121	48	85	-
Geo2Business Kft.	8	3	7	7	5	-

7. The Company's ownership structure, Senior officers

7.1. *The Company's ownership structure as at 31 December 2024*

Shareholders	Total share capital = Introduced series					
	01.01.2024			31.12.2024		
	%	%	shares	%	%	shares
Domestic institutions	30.69	40.11	6,138,577	34.08	40.67	6,133,935
Foreign institutions	8.10	10.58	1,619,185	9.39	11.21	1,690,867
Domestic private individuals	27.40	35.80	5,480,107	28.94	34.55	5,209,879
Foreign private individuals	0.39	0.52	78,945	0.33	0.39	58,885
Employees, senior officers	1.55	2.02	309,505	1.72	2.05	309,505
Own holding	23.47	0.00	4,694,132	16.21	0.00	2,917,620
Owner belonging to the general government system	8.38	10.95	1,675,745	9.31	11.11	1,675,745
International Development Institutions	-	-	-	-	-	-
Other	0.02	0.02	3,804	0.02	0.02	3,564
Total	**100.00**	**100.00**	**20,000,000**	**100.00**	**100.00**	**18,000,000**

7.2. *Shareholders with a stake of over 5% in the Company as at 31 December 2024*

Name	Investor category		Number of shares	Shareholding (%)	Influence (%)
Benji Invest Kft. / FCI Kompozit Kft.	Domestic	Company	3,186,010	17.70	21.12
Soltút Kft. / Kálmán Rencsár	Domestic	Company	1,814,241	10.08	12.03
MVM Energetika Zrt.	Domestic	Company	1,675,745	9.31	11.11

7.3. *Changes in the number of treasury shares held by Company in the year under review*

Changes in the number of treasury shares held by PannErgy Nyrt. in the reporting year:

	01.01.2024	30.06.2024	31.12.2024
Treasury shares	3,758,929	3,982,417	1,982,417

7.1. *Executive officers of the Company*

The Company's executive officers are the CEO and the members of the Management Board. Data of the members of the Management Board and their respective shareholdings on 31 December 2024:

Name	Position	Date of taking office	Mandated until	Number of shares held
Dénes Gyimóthy	Member, Chairman	31.08.2007	indefinite term	-
István Jaksa	Chief Executive Officer	13.12.2022	indefinite term	2,505
Katalin Gyimóthy	Member	28.04.2016	indefinite term	-
Attila Juhász	Member	31.08.2007	indefinite term	-
Kálmán Rencsár	Member	30.04.2020	indefinite term	307,000
Gábor Briglovics	Member	16.04.2021	indefinite term	
Total number of shares held				**309,505**

The Company's (strategic) employee who has an influence on its operations is the CEO, who carries out his duties as an employee.

The EU IFRS annual report and business report of PannErgy Nyrt. are signed by Dénes Gyimóthy, Chairman of the Management Board.

The information and regulations specified in Sections 95/A and 95/B of the Accounting Act listed in PannErgy Nyrt.'s Articles of Association. The Company's Articles of Association set out the rules governing the appointment and removal of executive officers, as well as the amendment of the Articles of Association themselves. As per the Articles of Association, the supreme body of the Company is the General Meeting, which is composed of all shareholders. The General Meeting shall be solely but not exclusively responsible for the following, unless otherwise provided for by the Civil Code or the Articles of Association as authorised by the Civil Code:

- establishing and amending the Articles of Association,
- the election, removal and remuneration of the members of the Company's Management Board,
- adopting a decision on the evaluation of the work carried out by the members of the Management Board in the previous financial year and on granting the discharge they are entitled to.
- making decisions about increasing share capital by issuing new shares or raising the share capital via assets exceeding the share capital – with the exception of decisions about issuing new shares or raising the share capital via assets exceeding the share capital based on authorisation granted by the General Meeting to the Management Board,
- making decisions about the acquisition of treasury shares – with the exception of treasury share acquisition on the basis of an authorisation granted by the General Meeting or the Civil Code to the Management Board – and about accepting public tender offers received for treasury shares,
- reducing the share capital, unless otherwise provided for in the Civil Code.

In lieu of a Board of Directors and a Supervisory Board, the Company has a Management Board in order to enable a consistent system of governance. The Management Board carries out the statutory functions of both the Board of Directors and the Supervisory Board. As part of its duties as the Board of Directors, the Management Board defines the Company's strategic policies and supervises its management. More information on the detailed responsibilities of the Management Board can be found in the Responsible Corporate Governance Report, issued at the same time as the consolidated and separate financial statements.

The Company shall endeavour to take into account age, gender, educational and professional backgrounds in the composition of its management, executive and supervisory boards, in accordance with the principles of diversity.

8. HEADCOUNT INFORMATION

In 2024, the Company had an average statistical headcount of 1 employee, similar to the previous year. In both periods, the Company includes personnel expenses based on the salary of the Chief Executive Officer, who performs his duties as an employee, and the fees and related contributions paid to the members of the Board of Directors.

9. DIVIDEND PAYMENT, TREASURY SHARE PURCHASE

In consideration of the Management Board's report and the Audit Committee's and the auditor's comments, by Resolution No. 2/2023 (IV.30.) on 30 April 2024 the Company's General Meeting approved the Company's separate (parent company), unconsolidated 2023 balance sheet and profit and loss statement, prepared in accordance with the EU IFRS, with total assets of HUF 10,107 million and the same amount as total liabilities and an after-tax P/L (profit) of HUF 344 million, which figures are consistent with the proposal and the auditor's report. The General Meeting also approved the consolidated report on the business operations of PannErgy Nyrt. Group in 2023, prepared in accordance with the EU IFRS, with HUF 26,252 million for assets and liabilities (total assets), and an after-tax P/L (profit) of HUF 1.716 million.

After the approval of the consolidated and separate reports, by its Resolution No. 3/2024 (IV.30.) the General Meeting approved the Management Board's proposal to the effect that PannErgy shall not pay dividends for the year 2023. Before making this decision, the Management Board carefully considered the anticipated investment possibilities and needs for the year 2024, as well as the necessity of holding free cash and cash equivalent assets required for safe and prudent operation. Based on the investigation, they decided that in order to maintain financial and operational stability, the Company would transfer its entire after-tax profit to retained earnings instead of paying dividends.

Treasury share buyback programmes:

On 31 December 2024 the Company held a total of 2,917,620 PannErgy treasury shares (including treasury shares held by subsidiaries), 1,786,512 less than the 4,704,132 it held on 31 December 2023. The change reflects the combined effect of the treasury share cancellations related to the capital reduction effected in the reporting period and the purchases of treasury shares under the treasury share buyback programmes in place during the reporting period. In order to increase other components of the Company's equity, by its Resolution No. 11/2024 (IV. 30.), on 30 April 2024 the Company's General Meeting approved the reduction of the Company's HUF 400 million share capital by HUF 40 million to HUF 360 million. During the share capital reduction to HUF 360 million, a total of 2,000,000 treasury shares were cancelled. The competent Court of Registration registered the capital reduction on 17 July 2024; based on the cancellation of the relevant treasury shares, the number of treasury shared changed to 2,917,620 on that day. The decrease in the number of shares in respect of shares listed on the Budapest Stock Exchange took place on 31 July 2024.

In 2024 H1, 213,488 treasury shares were repurchased under the treasury share repurchase programs in connection with the Company's treasury share repurchase programs in effect during the reporting period. Treasury share repurchases took place in 2024 H1, with no such transactions in H2.

The stock exchange closing price of PannErgy shares was HUF 1,560 per share at the end of the reporting period, compared to the closing price of HUF 1,250 per share on 31 December 2023; accordingly, on the last day of the reporting period the price was 25% higher than the closing price at the end of the previous year.

The treasury share buyback programme concluded during the reporting period:

PannErgy Nyrt.'s regular annual General Meeting closing the business year 2022 – held on 28 April 2023 – authorised the Management Board by its Resolution No. 8/2023 (IV. 28.) to purchase treasury shares up to an amount of HUF 900 million (that is, nine hundred million forints) at a price of minimum HUF 1 and maximum HUF 1,670 per share, provided that the ratio of the treasury share portfolio to the total number of shares issued does not exceed 25% at any time during the term of the authorisation. The authorisation covers the period starting from 2 May 2023 and ending on 13 April 2024 and is strictly limited to share purchases on the stock exchange. In the context of this treasury share buyback programme PannErgy Nyrt. aimed at purchasing up to 2,000 PannErgy Nyrt. ordinary shares per trading day and subsequently, up to 3,800 and 5,000 shares per trading day on the Budapest Stock Exchange until the withdrawal or the last day of the term of the General Meeting's authorisation. The purchase price equals to the current market price corresponding to the prevailing bid and ask prices, and must not exceed HUF 1,670 per share according to the resolution of the General Meeting.

Under the above two treasury share buyback programmes, a total of 213,488 treasury shares were repurchased in 2024.

The treasury share buyback programme commenced during the reporting period:

PannErgy Nyrt.'s regular annual General Meeting closing the business year 2023 – held on 30 April 2024 – authorised the Management Board by its Resolution No. 9/2024 (IV.30.) to purchase treasury shares up to an amount of HUF 1,500 million (that is, one thousand five hundred million forints) at a price of minimum HUF 1 and maximum HUF 1,997 per share, provided that the ratio of the treasury share portfolio to the total number of shares issued does not exceed 25% at any time during the term of the authorisation. The authorisation covers the period starting from 2 May 2024 and ending on 17 April 2025 and is strictly limited to share purchases on the stock exchange.

Under this current treasury share buyback programme, no shares were purchased between 2 May 2024 and 31 December 2024.

10. MAIN RISKS FACED BY THE COMPANY, ASSOCIATED UNCERTAINTIES

PannErgy Nyrt.'s major risks are detailed in the *Chapter 40 Financial risk management* of the Notes to the financial statements.

Information regarding the expected developments of the Company can be found in the Business Report, in *Chapter 1. Executive summary* and *Chapter 5. The company's strategy, environmental goals,* with details about the Company's expected financial results, investment activity and sustainability activities and development in the upcoming periods. The effects of the economic environment on these developments will be explored in *Chapter 42.11. Macroeconomic environment of the reporting period* of the consolidated financial statement, detailing the effects of the GDP, the inflation environment and the interest rate environment forecasts for the upcoming periods.

11. Publicity

The Company posts regular and extraordinary notices on its website at (www.pannergy.com), among other things. The publications and public information released by PannErgy Nyrt. may make it considerably easier to understand and judge the Company's operations and economic position, therefore they are important supplements to the information disclosed herein.

12. Key events after the reporting date

No material events or significant developments that would have an impact on the Company's 2024 financial year, or the reported results and balance sheet figures for that period occurred after the reporting date.

Events that took place after the reporting date, published and accessible at the Company's official places of disclosure, are listed in detail in Note no. *46. Events after the reporting date* in the Notes to the financial statements.

13. Date of authorisation of disclosure

The Company's Management Board approved the financial statements and authorised their disclosure on 19 March 2025.

Dénes Gyimóthy
On behalf of the Management Board

PannErgy Nyrt.
Declaration of the issuer
2024

Pursuant to Sections 2.4 and 3.4 of Appendix 1 to Decree 24/2008 of the Minister of Finance

Budapest, 19 March 2025

THIS ANNOUNCEMENT IS PUBLISHED IN HUNGARIAN (MANDATORY, OFFICIAL) AND ENGLISH LANGUAGES. IN CASE OF ANY CONTRADICTION BETWEEN THESE TWO VERSIONS, THE OFFICIAL HUNGARIAN VERSION SHALL PREVAIL.

The attached pdf report is not the official individual report of the Company; the official report will be drawn up and published in ZIP (specifically XHTML-XBRL) format as required by applicable legislation. The contents of the attached pdf report are fully identical with those of the individual report published in ZIP (specifically XHTML-XBRL) format.

DECLARATION

On behalf of the Management Board I, Chairman Dénes Gyimóthy, hereby issue the following declaration in relation to the 2024 EU IFRS annual report and business report of PannErgy Nyrt., pursuant to the statutory requirement laid down in Section 2.4 of Annex 1 to Decree No. 24/2008 (VII. 15) PM of the Minister of Finance:

- the 2024 separate annual report, prepared to the best of our knowledge in accordance with the applicable accounting regulations and the EU IFRS standards, provides a true and fair view of the assets, liabilities, financial position and profit or loss of PannErgy Nyrt. as a public securities issuer, and;

- the business report attached to the annual report prepared in accordance with the applicable EU IFRS standards provides a fair view of the position, development and performance of PannErgy Nyrt. as a public securities issuer, presenting the key risks and uncertainties.

Dénes Gyimóthy
On behalf of the Management Board